



October 30, 2017

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
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Washington, DC 20426

Great Lakes Gas Transmission Company
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Re: Great Lakes Gas Transmission Limited Partnership
Docket No. RP17-598-____
Stipulation and Agreement of Settlement

Dear Ms. 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 (2017), Great Lakes Gas Transmission Limited Partnership ("Great Lakes") hereby files the attached Stipulation and Agreement of Settlement and related materials ("Settlement") to resolve all issues set for hearing in the suspension order issued on April 26, 2017¹ in the above-captioned proceeding. The referenced proceeding is pending before Settlement Judge H. Peter Young and Great Lakes respectfully requests that the attached materials be forwarded to the Settlement Judge.

The Settlement is the product of intensive negotiations between Great Lakes, Trial Staff and the active parties and resolves a host of contentious issues that have been vigorously contested by the parties to the proceeding. The Settlement reflects the agreement of Great Lakes and the settling parties to resolve all remaining issues in these dockets and must be considered as an integrated package. The Settlement provides benefits to Great Lakes' shippers and will save the parties substantial costs, time, and resources that would have been expended in litigating this case. 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 further litigation and consumption of the Commission's and the parties' resources.

¹ *Great Lakes Gas Transmission Limited Partnership*, 159 FERC ¶ 62,089 (2017).

The Settlement is supported or not opposed by the Settling Parties listed in Appendix A of the Settlement, which includes all of the active parties to the proceeding. Great Lakes is not aware of any party to the proceeding that opposes the Settlement.

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

- Appendix A – Settling Parties;
- Appendix B – Pro Forma Settlement Rate Tariff Sections; and
- Appendix C – Pro Forma Revisions to Tariff Sections 6.3.1 (General Nomination Guidelines) and 6.27 (Transporter’s Use).²

In light of the support by all of the active parties, following the comment period provided for by Rule 602(f), 18 C.F.R. § 385.602(f) (2017), Great Lakes asks that the Settlement Judge proceed expeditiously to certify to the Commission that the Settlement is uncontested. *See* 18 C.F.R. § 385.602(g) (2017).

This submission includes:

- (i) the Stipulation and Agreement of Settlement and the relevant appendices as detailed above; and
- (ii) a separate Explanatory Statement, *see* 18 C.F.R. § 385.602(c)(ii) (2017), including answers to the questions set forth in the December 15, 2016 Amended Notice to the Public issued by the Chief Administrative Law Judge; and
- (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) (2017); and
- (iv) a draft order certifying the Settlement to the Commission for consideration and possible use by the Presiding Administrative Law Judge.

² Upon the Commission’s acceptance of this Settlement, Great Lakes will incorporate the pro forma tariff sheets attached in Appendices B and C formally through an eTariff filing.

Great Lakes 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 this proceeding, Great Lakes' other jurisdictional customers, and all interested state commissions in accordance with Commission's Rule 602(d), 18 C.F.R. § 385.602(d) (2017). As required by Rule 602(d)(2), Great Lakes advises all persons being served that comments on the Settlement will be due on November 20, 2017 and reply comments will be due on November 29, 2017.

Respectfully submitted,

/s/ Richard Bralow

Richard Bralow

Counsel for Great Lakes Gas Transmission Limited Partnership

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Great Lakes Gas Transmission Limited)
Partnership) Docket No. RP17-598-000

STIPULATION AND AGREEMENT OF SETTLEMENT

**To: The Honorable H. Peter Young
 Settlement Judge**

Pursuant to Rule 602 of the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2017), Great Lakes Gas Transmission Limited Partnership (“Great Lakes”) submits this Stipulation and Agreement of Settlement (the “Settlement”). The Settlement resolves all issues in Great Lakes’ general rate case proceeding in Docket No. RP17-598-000, including all issues set for hearing in the “Order Accepting and Suspending Filing, Subject to Refund, and Establishing Hearing and Settlement Judge Procedures” issued by the Commission’s Office of Energy Market Regulation (“OEMR”), acting pursuant to delegated authority, on April 26, 2017.¹ Great Lakes and the Settling Parties (as defined below) stipulate and agree to the following:

**ARTICLE I
PROCEDURAL HISTORY**

A. On March 31, 2017, Great Lakes submitted a general rate case filing pursuant to Section 4 of the Natural Gas Act (“NGA”)² and to Article IV.A. of the Stipulation and Agreement dated September 27, 2013, in Docket No. RP13-1367-000

¹ *Great Lakes Gas Transmission Ltd. Partnership*, 159 FERC ¶ 62,089 (2017) (“Suspension Order”).

² 15 U.S.C. 717c.

(“2013 Settlement”)³ (the “Rate Filing”), containing proposed tariff records to reflect a system-wide general change in Great Lakes’ rates and additional changes to Great Lakes’ rate schedules and General Terms and Conditions within its FERC Gas Tariff, Third Revised Volume No. 1 (“Tariff”). Among other things, Great Lakes proposed in the Rate Filing to restate its base transportation rates (maximum recourse rates) for Tariff Rate Schedules FT, IT, MC, LFT, and EFT, and to eliminate references to the 2013 Settlement from its Tariff.

B. Certain parties protested Great Lakes’ Rate Filing on various grounds and requested more time to fully evaluate the proposals therein.

C. On April 24, 2017, Great Lakes hosted an informal settlement meeting to which all intervenors were invited, providing a meeting room in Washington, D.C. and a telephone conference number to allow remote participation.⁴ At that meeting, Great Lakes and participating intervenors discussed Great Lakes’ Rate Filing and possible paths to settlement.

D. On April 26, 2017, OEMR issued the Suspension Order accepting and suspending Great Lakes’ proposed tariff sections, to be effective October 1, 2017, subject to refund. In the Suspension Order, OEMR also set the Rate Filing for a trial-type evidentiary hearing, but held the hearing in abeyance and directed the Chief Administrative Law Judge to appoint a settlement judge to assist the parties in trying to reach settlement before beginning hearing procedures.

E. The Honorable H. Peter Young was designated as the Settlement Judge (“Settlement Judge”) by order of the Chief Administrative Law Judge issued on May 2,

³ See *Great Lakes Gas Transmission Limited Partnership*, 145 FERC ¶ 61,126 (2013).

⁴ At that time, the Commission’s Trial Staff (“Trial Staff”) had not yet been assigned.

2017. Great Lakes responded to informal discovery requests sponsored by Trial Staff. The active participants exchanged multiple settlement offers and participated in settlement conferences in Washington, D.C. on August 23, 2017, and September 13-14, 2017. As a result of these discussions, Great Lakes and the active parties reached an agreement in principle to settle all issues in this case based on the terms that are reflected in this Settlement. On October 18, 2017, Judge Young reported to the Commission that the parties had reached a settlement in principle.

F. On September 29, 2017, Great Lakes moved to place the rates reflected in its Rate Filing into effect on October 1, 2017, subject to refund (the “Motion Rates”). Also on September 29, 2017, Great Lakes moved to supersede, effective October 1, 2017, the Motion Rates and to place into effect alternative rates agreed to by the parties (the “Management-Adjusted Rates”) on an interim basis. These motions are pending before the Commission.

ARTICLE II
INDIVISIBILITY OF SETTLEMENT TERMS/BLACK BOX SETTLEMENT

A. Great Lakes and the Settling Parties engaged in settlement negotiations in an effort to resolve all issues set for hearing in this proceeding. This Settlement provides for a reasonable and comprehensive resolution of all issues and matters in dispute in this proceeding. This Settlement is a compromise among many parties with diverse and often conflicting interests. It is an integrated package, and Great Lakes and the Settling Parties request that it be approved in its entirety, without modification.

B. The Settlement Rates, depreciation rates, and negative salvage percentages set forth in Articles VI.A. and VII, respectively, are “black box” rates in the sense that there

is no agreement on any underlying assumptions or methodologies for deriving the Settlement Rates, depreciation rates, or negative salvage percentages.

**ARTICLE III
SETTLING PARTIES AND CONTESTING PARTIES**

A. Settling Parties

A “Settling Party” is any party or shipper on Great Lakes that is not a Contesting Party.⁵ References to Settling Party or Parties within this document do not include Great Lakes, though Great Lakes is a party to this Settlement.

B. Contesting Parties

1. Any person, excluding Great Lakes, shall become a Contesting Party on the date that it:

- (a) files any pleading at the Commission opposing or seeking to condition or modify this Settlement as a whole or any of its provisions;
- (b) provides notice as set forth in Article IV.A.5. that it elects to become a Contesting Party; or
- (c) takes any action inconsistent with the terms of the Settlement.

2. In the event that there are one (1) or more Contesting Parties, Great Lakes shall submit a tariff filing to restore the Motion Rates, making them effective solely for Contesting Parties. Except with respect to service provided to a Contesting Party pursuant to a negotiated rate service agreement or discounted rate service agreement, Great

⁵ The parties listed in Appendix A have indicated that they support or do not oppose the Settlement.

Lakes shall have the right to charge any Contesting Party the maximum filed tariff rates set forth in the Motion Rates for service provided to a Contesting Party, for the period commencing October 1, 2017, until the Commission issues an order resolving, on the merits, the appropriate treatment of the Contesting Party, and the resulting rates that are applicable to the Contesting Party are placed into effect. Great Lakes shall have the right to charge any Contesting Party the difference between what would have been recovered by Great Lakes under the Motion Rates (giving effect to any negotiated rate or discount agreement that was in place) and the rates actually collected from the party under each contract for the period commencing on October 1, 2017, until the date that the party became a Contesting Party (“Contesting Party Make-Up Charge”). The billing adjustment to collect the Contesting Party Make-Up Charge will be calculated based upon the period during which the Management-Adjusted Rates were in effect for the Contesting Party, as follows:

- (a) if the Management-Adjusted Rates are in effect for the Contesting Party for a period of fewer than three (3) months, the Contesting Party Make-Up Charge will be billed in one (1) lump-sum amount; and
- (b) if the Management-Adjusted Rates are in effect for the Contesting Party for a period of three (3) months or greater, the Contesting Party Make-Up Charge shall be billed in three (3) equal monthly installments, which installments shall be calculated by dividing the Contesting Party Make-Up Charge by three (3).

The calculation of the Contesting Party Make-Up Charge shall include interest at the interest rate established by using the methodology set forth in 18 C.F.R. § 154.501(d) (2017). Following Commission acceptance of the appropriate tariff filing necessary to implement the Contesting Party Make-Up Charge, Great Lakes shall, at its sole election, either (i) apply a billing adjustment to collect the Contesting Party Make-Up Charge to the next applicable monthly bill to any Settling Party that becomes a Contesting Party, or (ii) issue a separate invoice to collect the Contesting Party Make-Up Charge from such Settling Party that becomes a Contesting Party. The Contesting Party Make-Up Charge is subject to refund based upon the higher of (i) the rates ultimately determined to be just and reasonable in this proceeding for service to the Contesting Party, or (ii) the rates for service to the Contesting Party under the 2013 Settlement.

3. Subject to Article III.B.5., Contesting Parties shall forego any and all rights or obligations under the Settlement except for the obligation to pay the Contesting Party Make-Up Charge, if applicable. The Settlement Rates (as defined in Article VI.A.) are not subject to modification as a result of the outcome of any rate litigation involving a Contesting Party.

4. To the extent that Settling Parties and Contesting Parties are subject to different applicable maximum recourse rates, the following shall apply:

(a) the rate that an existing customer must match to retain its existing capacity under the right of first refusal process, or that any bidder must bid to obtain that capacity, shall be based on the maximum recourse rate that is applicable to the existing shipper's contract; and

(b) to the extent that a maximum recourse rate applies to a capacity release, the maximum recourse rate that will be applicable to the replacement shipper shall be the maximum recourse rate that is applicable to the releasing shipper's contract.

5. Nothing herein shall constitute a waiver of any party's rights to request the Commission to approve the Settlement as an overall package over the objection of a Contesting Party, or preclude the Commission from doing so.

ARTICLE IV SETTLEMENT EFFECTIVENESS

A. Effective Date

1. The provisions of this Settlement are not severable and will become binding and effective on the "Effective Date," which shall be determined as follows:

(a) if the Commission issues an order approving this Settlement without modification(s) and/or condition(s), the Effective Date shall be the date of the order approving this Settlement;

(b) if the Commission issues an order approving this Settlement with modification(s) or condition(s), and neither any Settling Party nor Great Lakes provides notice pursuant to the first sentence of Article IV.A.2., the Effective Date shall be the fifteenth (15th) calendar day after the date of the order approving this Settlement;

(c) if the Commission issues an order approving this Settlement with modification(s) or condition(s), and any Settling Party or Great Lakes provides notice pursuant to the first sentence of Article IV.A.2., the Effective Date shall be as specified in Article IV.A.2.

2. If the Commission issues an order approving this Settlement subject to a modification or condition that materially and adversely affects any provision of this Settlement, as determined by the affected Settling Party or Great Lakes in its reasonable discretion, the Settling Party or Great Lakes shall so notify the other participants within fourteen (14) calendar days of the date of such a Commission order. Upon that notice, the Settling Parties, Trial Staff and Great Lakes will engage in a good faith meet-and-confer process to: (i) determine whether the Commission-imposed modification(s) or condition(s) can be accepted by all Settling Parties, Trial Staff, and Great Lakes, or, if not, (ii) make changes to the Settlement as are necessary so it is acceptable to all Settling Parties, Trial Staff, and Great Lakes (the changed settlement shall be referred to as the “Amended Settlement”).

(a) If within twenty-one (21) calendar days of the date of the Commission order the Settling Parties, Trial Staff, and Great Lakes are unable to agree as provided for in (i) or (ii) in the preceding paragraph, then the obligation to meet and confer in good faith shall cease, and the Effective Date shall be the twenty-eighth (28th) calendar day after the date of the Commission order approving the Settlement, subject to the rights of Great Lakes and the Settling Parties as set forth in Article IV.A.3., IV.A.4., and Article IV.A.5., respectively.

(b) If as a result of the good faith meet-and-confer process, all Settling Parties, Trial Staff, and Great Lakes agree that they can accept the Commission-imposed modification(s) or condition(s),

the Effective Date shall be the twenty-eighth (28th) calendar day after the date of the Commission order approving the Settlement.

(c) If as a result of the good faith meet-and-confer process, the Settling Parties and Great Lakes agree within twenty-eight (28) calendar days after the date of the Commission order to an Amended Settlement, the Amended Settlement shall be filed with the Commission and this Settlement shall not take effect.

3. If an order approving the Settlement requires a modification(s) or imposes a condition(s) that materially and adversely affects Great Lakes, as determined by Great Lakes in its reasonable discretion, then within thirty (30) calendar days of the date of the Commission order and following the good-faith meet-and-confer process prescribed in Article IV.A.2. above, Great Lakes shall provide notice to all participants to the proceeding stating whether it will seek rehearing or clarification of the Commission order or withdraw the Settlement. If Great Lakes elects to withdraw the Settlement, it shall provide written notice of withdrawal of the Settlement to the Commission and all participants in this proceeding within thirty (30) days of the date of the Commission order. If Great Lakes does not withdraw the Settlement, then the Settlement shall become effective with the modification(s) or condition(s) required by the Commission, on the thirty-first (31st) day following the Commission order, subject to the outcome of any request for rehearing/clarification or appeal filed by Great Lakes.

4. Within seven (7) calendar days of the date on which a Commission order denying such a request for rehearing/clarification pursuant to Article IV.A.3. becomes a Final Order, as defined below, Great Lakes shall have the option to withdraw

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

5. If an order approving the Settlement requires a modification(s) or imposes a condition(s) that materially and adversely affects any Settling Party, as determined by the Settling Party in its reasonable discretion, then within thirty (30) calendar days of the issuance of the Commission order and following the good-faith meet-and-confer process prescribed in Article IV.A.2. above, the Settling Party shall provide notice to all participants of one (1) of the following:

- (a) The Settling Party will continue to be bound by the Settlement and will not seek rehearing or clarification;
- (b) The Settling Party will continue to be bound by the Settlement and will seek rehearing or clarification of the Commission order(s); or
- (c) The Settling Party will become a Contesting Party.

If the Settling Party elects to continue to be bound by the Settlement, then the Settlement is effective as to the Settling Party with the modification(s) or condition(s) required by the Commission, subject to the outcome of any request for rehearing/clarification or appeal filed by the Settling Party. Filing a request for rehearing or clarification that is consistent with the Settlement does not constitute notice of intent to become a Contesting Party. A Settling Party may also elect to become a Contesting Party within seven (7) calendar days after an order denying the Settling Party's request for rehearing/clarification or appeal by providing written notice to all participants to the proceeding that it elects to become a Contesting Party. Within seven (7) calendar days of receipt of a notice that a Settling Party

elects to become a Contesting Party, Great Lakes 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 participants in this proceeding.

6. 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 of Withdrawal of the Settlement by Great Lakes or Rejection by the Commission or a Court

Any written notice of withdrawal permitted by the Settlement and provided by Great Lakes, or any rejection of the Settlement by the Commission or a court of competent jurisdiction, shall cause the Settlement to be terminated and to become null and void, and all parties shall be returned to the status quo as it existed prior to October 1, 2017; provided, however, that Great Lakes shall be entitled to implement the procedures set forth in Article VI.B. regarding the Rate Reduction Make-Up Charge. If Great Lakes provides notice of withdrawal or the Settlement is rejected by the Commission or a court of competent jurisdiction, Great Lakes may take any necessary action, including submission of a tariff filing, to restore or otherwise make effective the Motion Rates as of October 1, 2017. No former Settling Party shall oppose that action taken by Great Lakes, but former Settling Parties retain all rights to litigate the justness and reasonableness of the Motion Rates.

ARTICLE V
TERM, MANDATORY FILING REQUIREMENT, AND TIMING

A. The term of the Settlement shall begin on the Effective Date and shall terminate when new proposed rates become effective as the result of a general rate change filing by Great Lakes pursuant to Section 4 of the NGA or a Commission order establishing new generally applicable rates for Great Lakes pursuant to Section 5 of the NGA.

B. Great Lakes shall file a general rate case pursuant to Section 4 of the NGA no later than March 31, 2022, such that the filed rates proposed therein will be effective no later than October 1, 2022, unless rates set pursuant to an NGA Section 5 investigation have become effective prior to October 1, 2022.

ARTICLE VI
SETTLEMENT RATES

A. **Settlement Rates**

1. Effective on October 1, 2017, Great Lakes' base transportation rates (maximum recourse rates) for Tariff Rate Schedules FT, IT, MC, LFT, and EFT shall be as set forth on the pro forma Tariff sections attached as Appendix B ("Settlement Rates"). The Settlement Rates shall remain in effect until the termination of the Settlement pursuant to Article V.A.

2. To the extent that the Management-Adjusted Rates charged to a Settling Party are greater than the Settlement Rates applicable to that Settling Party, Great Lakes will, within sixty (60) days of the Effective Date, refund to such Settling Party the difference between (i) the amount paid by such Settling Party for services provided between October 1, 2017, and the Effective Date, and (ii) the amount owed by such Settling Party under the Settlement Rates for services provided during that period. To

effectuate refunds, Great Lakes shall apply a credit to the next applicable monthly bill to each Settling Party; provided, however, that Great Lakes shall issue a separate payment to any Settling Party where a billing credit is not practicable. The calculation of refunds due to a Settling Party shall include interest at the interest rate established by using the methodology set forth in 18 C.F.R. § 154.501(d) (2017).

B. Rate Reduction Make-Up Charge

To the extent that the Settlement is rejected by the Commission or a court of competent jurisdiction or Great Lakes withdraws the Settlement pursuant to Articles IV.A.3., IV.A.4., or IV.A.5., Great Lakes shall have the right to charge each former Settling Party to the extent the party has paid a lower rate by virtue of the Management-Adjusted Rates, but any such charge shall be subject to refund. The amount of the charge shall be the difference between what would have been recovered by Great Lakes under the Motion Rates (giving effect to any negotiated rate or discount agreement that was in place) and the rates actually collected from each Settling Party under each contract for the period commencing on October 1, 2017, until the date that the Settlement is rejected by the Commission or a court of competent jurisdiction or withdrawn by Great Lakes (“Rate Reduction Make-Up Charge”). The billing adjustment to collect the Rate Reduction Make-Up Charge will be calculated based upon the period during which the Management-Adjusted Rates were in effect for the party, as follows:

- (a) if the Management-Adjusted Rates are in effect for a period of fewer than three (3) months, the Rate Reduction Make-Up Charge will be billed in one (1) lump-sum amount; and

(b) if the Management-Adjusted Rates are in effect for a period of three (3) months or greater, the Rate Reduction Make-Up Charge shall be billed in three (3) equal monthly installments, which installments shall be calculated by dividing the Rate Reduction Make-Up Charge by three (3).

The calculation of the Rate Reduction Make-Up Charge shall include interest at the interest rate established by using the methodology set forth in 18 C.F.R. § 154.501(d) (2017). Following Commission acceptance of the appropriate tariff filing necessary to implement the Rate Reduction Make-Up Charge, Great Lakes shall, at its sole election, either (i) apply a billing adjustment to collect the Rate Reduction Make-Up Charge to the next applicable monthly bill to each Settling Party, or (ii) issue a separate invoice to collect the Rate Reduction Make-Up Charge from such Settling Party. Each Settling Party agrees that it will not contest the lawfulness of the Rate Reduction Make-Up Charge; provided, however, that any party may seek to correct the implementation of the Rate Reduction Make-Up Charge, or to correct a calculation or billing error pursuant to Section 6.9.5 of the Tariff, and provided further that the Rate Reduction Make-Up Charge remains subject to refund.

**ARTICLE VII
DEPRECIATION AND NEGATIVE SALVAGE**

Effective October 1, 2017, Great Lakes shall apply the following depreciation rates and negative salvage percentages for regulatory accounting purposes:

Transmission function	1.27%
Account Nos. 392.3 and 392.4	0.00%
GIS Intangible Plant (7-Year Life)	7.15%
Negative Salvage	0.15%

A Final Order approving the Settlement shall constitute all necessary authority, including under Sections 8 and 9 of the NGA, for Great Lakes to apply the depreciation rates and negative salvage percentages set forth in this Article VII.

**ARTICLE VIII
ROLL-IN**

Upon the Effective Date, the following expansion facilities shall be deemed to be permanently rolled in: (i) the RG&E I Project (Docket No. CP90-1389-000), (ii) the RG&E II Project (Docket No. CP91-1884-000), and (iii) the 1991 Expansion Project (Docket No. CP91-1634-000).

**ARTICLE IX
INCOME TAXES**

Great Lakes will comply with any Commission-mandated, industry-wide requirement to modify existing rates to reflect (i) statutory changes in corporate income tax rates and/or (ii) Commission policy with respect to recovery of income tax allowances for master limited partnerships and/or pass-through entities.

**ARTICLE X
FUEL TRACKER MECHANISM**

Great Lakes shall adopt the procedures reflected in the Tariff record included in Appendix C, which reflects modifications to Sections 6.3.1 (General Nomination Guidelines) and 6.27 (Transporter's Use) of the Tariff governing Great Lakes' mechanism for recovering costs of compressor fuel, unaccounted gas and other operating usage. If any dispute arises concerning Great Lakes' posted fuel schedules and percentages that the parties are unable to resolve, the parties shall seek to resolve the dispute through recourse to the FERC alternative dispute resolution procedures (18 C.F.R. § 385.604 (2017)). This process will not alter the way fuel costs are currently allocated by Great Lakes.

**ARTICLE XI
TARIFF FILINGS**

Great Lakes shall make an NGA Section 4 filing containing the actual Tariff sections embodying the Settlement Rates as they appear in Appendix B and the Tariff section included in Appendix C to be effective October 1, 2017.

**ARTICLE XII
THE SETTLEMENT SUPERSEDES THE 2013 SETTLEMENT**

A. Subject to Articles IV.B. and VI.B., the Settling Parties agree that as of the Effective Date, the 2013 Settlement is superseded in its entirety by this Settlement and shall be null and void, and no provision of the 2013 Settlement (except as provided in Article XII.B. below) will continue to have any force or effect or be binding on any entity, party, or Settling Party; provided, however, that the provisions in Article VII. of the 2013 Settlement governing seasonal rates are not superseded by this Settlement and shall survive for purposes of this Settlement and no entity, party, or Settling Party may challenge such

provisions. However, this Settlement does not effectuate changes to Great Lakes' existing tariff other than those set forth herein.

B. For purposes of application of Appendix F to the 2013 Settlement, Revenue Cap and Revenue Sharing Rider ("Revenue Sharing Rider"), the calculation of the "Applicable Transportation Revenue" for the calendar year 2017 shall be based upon the rates in effect pursuant to the 2013 Settlement for the period January 1-September 30, 2017, and upon the Settlement Rates for the period October 1-December 31, 2017, notwithstanding anything to the contrary in Section B.3. of the Revenue Sharing Rider; provided, however, that Settling Parties agree that the Revenue Sharing Rider shall terminate in its entirety, and no provision of the Revenue Sharing Rider shall continue to have any force or effect or be binding on any entity, party, or Settling Party, upon (i) the collection by Great Lakes of all 2017 Applicable Transportation Revenue (calculated as set forth in this Article XII.B.) and (ii) the subsequent receipt by every Qualified Shipper of their respective Shared Proceeds, as such terms are defined respectively in Sections C and B.8. of the Revenue Sharing Rider. In no event shall Great Lakes have any obligation to make any payment(s) under the Revenue Sharing Rider relating to charges for jurisdictional transportation service performed by Great Lakes during any calendar year subsequent to 2017.

**ARTICLE XIII
MISCELLANEOUS**

A. Settlement is Non-Binding Until Effective

Neither Great Lakes nor any Settling Party shall be bound or prejudiced by any part of this Settlement, unless it becomes effective in accordance with the provisions hereof.

B. 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.

2. In any proceeding before the Commission, neither this Settlement, nor any of the pro forma Tariff sections attached hereto, nor content of any settlement negotiations resulting therein may be employed or cited to in any manner other than to enforce the terms of the Settlement.

3. Nothing contained in this Settlement, nor in any of the settlement negotiations, shall be deemed an admission by any party of any principle contained herein.

4. This Settlement and all discussions held and materials provided by any participant in reaching this Settlement shall be treated as if they were subject to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2017), regardless of whether Rule 602 applies.

5. Neither the methods or practices observed in deriving rates, nor the presence or absence of methods of establishing rates, as referenced in this Settlement, shall constitute precedent or 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.

6. Neither this Settlement nor the Settlement Rates create any presumption as to the justness and reasonableness of Great Lakes’ rates with respect to the Commission’s Modernization Policy Statement in Docket No. PL15-1-000.

C. No Drafter

No participant shall be deemed the drafter of this Settlement, and this Settlement shall not be construed against any participant 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.

D. Severability

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

E. Negotiated Settlement

It is specifically understood and agreed by and among Great Lakes and the Settling Parties that the Settlement represents a negotiated settlement only with respect to the issues resolved herein. Except to the extent explicitly set forth in the Settlement, neither Great Lakes 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.

F. Standard of Review

The standard of review for any proposed modifications to the provisions of the Settlement by the Commission acting *sua sponte*, the Settling Parties and Great Lakes acting unanimously, or third parties, will be the just and reasonable standard. The standard for review for any proposed modifications to the provisions of the Settlement at the request of either Great Lakes or one (1) or more, but less than all, Settling Parties and Great Lakes will be the “public interest” standard for review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956), and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) (the “*Mobile-Sierra* doctrine”). See also *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County*, 554 U.S. 527 (2008); *NRG Power Marketing, LLC v. Maine Public Util. Comm’n*, 558 U.S. 165 (2010). Nothing in the Settlement is meant to limit the Commission’s authority to approve uncontested settlements under 18 C.F.R. § 385.602(g)(3) (2017).

G. Successors in Interest

This Settlement shall apply to Great Lakes and the Settling Parties as well as their respective successors in interest.

**ARTICLE XIV
EFFECT OF COMMISSION APPROVAL**

A. The Commission’s approval of this Settlement shall constitute Commission authorization and approval for Great Lakes to implement the Settlement Rates set forth in this Settlement on their proposed effective dates without suspension and without conditions other than those specified herein.

B. The Commission's approval of this Settlement shall constitute Commission waiver of compliance, to the extent (if any) necessary, by Great Lakes with the requirements of the Commission's Rules and Regulations under the Natural Gas Act 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: October 30, 2017

Respectfully submitted,

Jay White
Vice President, Rates,
Regulatory & Strategy

John A. Roscher
Director, Rates and Tariffs

Lauri Newton
Director – Regulatory and
Commercial Law
Richard Bralow
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Great Lakes Gas
Transmission Limited
Partnership

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Counsel to
Great Lakes Gas Transmission
Limited Partnership

APPENDIX A

Settling Parties

SETTLING PARTIES

The entities listed below either support or do not oppose the foregoing Stipulation and Agreement of Settlement.

Alliant Energy
ANR Pipeline Company
BP Canada Energy Marketing Corp.
Canadian Association of Petroleum Producers
Centra Gas Manitoba, Inc.
Consumers Energy Company
Direct Energy Business Marketing, LLC
DTE Energy Trading, Inc.
DTE Gas
EDF Trading North America, LLC
Exelon Corporation
Great Lakes Gas Users Group (Calumet Superior, LLC; the City of Duluth, Minnesota;
Gorhams' Inc., d/b/a NorthWest Gas; Minnesota Power, a division of ALLETE, Inc.;
and Superior Water, Light and Power Company)
Koch Energy Services
Michigan Public Service Commission
Midland Cogeneration Venture, L.P.
Northern States Power Company, a Minnesota corporation
Northern States Power Company, a Wisconsin corporation
Public Service Commission of Wisconsin
S.D. Warren Company d/b/a Sappi North American
SEMCO Energy
Sequent Energy Management, L.P.
Tenaska Marketing Ventures
Twin Eagle Resource Management
United States Gypsum Company
WEC Energy Group (Wisconsin Electric Power Company; Wisconsin Public Service
Corporation; Wisconsin Gas, LLC; Minnesota Energy Resources Corporation)

APPENDIX B

Pro Forma Settlement Rate Tariff Sections

GREAT LAKES GAS TRANSMISSION LIMITED PARTNERSHIP

Open Access Rates
 Firm Transportation Service
 Rate Schedule FT 6/

	Western Zone 1/ 2/ 3/ Deliveries ----- (Rates per Dth)	Central Zone 1/ 2/ 3/ Deliveries ----- (Rates per Dth)	Eastern Zone 1/ 2/ 3/ Deliveries ----- (Rates per Dth)
Receipts in Western Zone - -----			
Reservation Fee	\$2.810	\$4.680	\$8.353
Utilization Fee	0.00288	0.00544	0.00954
Max. Volumetric Rate at 100% L.F. 4/ 5/	0.09238	0.15386	0.27462
Receipts in Central Zone - -----			
Reservation Fee	\$4.680	\$2.414	\$6.087
Utilization Fee	0.00544	0.00256	0.00666
Max. Volumetric Rate at 100% L.F. 4/ 5/	0.15386	0.07936	0.20012
Receipts in Eastern Zone - -----			
Reservation Fee	\$8.353	\$6.087	\$4.217
Utilization Fee	0.00954	0.00666	0.00410
Max. Volumetric Rate at 100% L.F. 4/ 5/	0.27462	0.20012	0.13864

Limited Firm Transportation Service
 Rate Schedule LFT 1/ 2/ 3/ 4/ 5/ 6/

The rates shown above for Service under Rate Schedule FT shall also be applicable to Service under Rate Schedule LFT except that the maximum Reservation Fee shall be adjusted to reflect the appropriate number of Days that Service shall be available utilizing the following formula, rounded to 3 decimal places: $LFT = FT \times ((TD - UD)/TD)$ where:

- LFT = LFT Reservation Fee
- FT = Applicable FT Reservation Fee
- TD = Number of Days during Agreement Term
- UD = Number of Unavailable Days

Issued:
 Effective:

Docket No.
 Accepted:

Expedited Firm Transportation Service
Rate Schedule EFT 1/ 2/ 3/ 4/ 5/ 6/

The rates shown above for Service under Rate Schedule FT shall also be applicable to Service under Rate Schedule EFT except that the maximum Reservation Fee shall be adjusted to reflect the applicable expedited period of gas flow (EPF) utilizing the following formula, rounded to 3 decimal places: $EFT = FT \times (24/EPF)$ where:

EFT = EFT Reservation Fee
FT = Applicable FT Reservation Fee
24 = Number of Hours in a Gas Day
EPF = MDQ/MHQ

- 1/ Pursuant to Section 5.1.5 paragraph 2 of Rate Schedules FT, Section 5.2.5 paragraph 2 of Rate Schedule EFT, and Section 5.3.5 paragraph 2 of Rate Schedule LFT, Shipper shall pay, in addition to the rate specified for this service, an ACA charge set forth in Section 4.6 of this FERC Gas Tariff.
- 2/ The minimum charge for Reservation Fees, backhauls and/or exchange transportation shall be \$0.00 per Dth.
- 3/ In addition, Shipper shall pay the 100% load factor rate for the service outside the zones for which a Reservation Fee or Volumetric Rate is paid.
- 4/ In addition to the Volumetric Rate, the Utilization Fee is applicable to all services.
- 5/ 100% load factor rate is calculated as: $(\text{Reservation Fee} \times 12)/365$, rounded to 5 decimal places.
- 6/ Seasonal recourse rates apply to short-term firm ("STF") service (i.e., firm service that has a term of less than one year and that does not include multiple-year seasonal service) under Rate Schedule FT and rate schedules that are based upon Rate Schedule FT rates, in addition to interruptible transportation service under Rate Schedule IT. On or before February 15 of each year, Great Lakes shall identify the number of peak months (from zero to five) for the upcoming 12-month period beginning April 1, identify the months to which peak rates apply; and set the peak rate multiplier from one up to a maximum of 1.4. Peak rates will be set by multiplying the applicable firm reservation charge (or reservation component) by the peak multiplier. The remaining off-peak months will have a multiplier equal to $1 - (P/O) \times (M - 1)$ where:
P=Peak Months
O=Off-Peak Months (Equal to 12-P)
M=Multiplier for Peak Months

Transporter's seasonal recourse rate elections and resulting peak and off-peak rates shall be posted under the Informational Postings section of Transporter's Internet website.

GREAT LAKES GAS TRANSMISSION LIMITED PARTNERSHIP

Open Access Rates
 Interruptible Transportation Service
 Rate Schedule IT

 (Rates Per Dth)

	Western Zone Deliveries 1/ 2/ -----	Central Zone Deliveries 1/ 2/ -----	Eastern Zone Deliveries 1/ 2/ -----
Receipts in Western Zone - -----			
Utilization Fee - Maximum	(3)	(3)	(3)
- Minimum	0.00288	0.00544	0.00954
Receipts in Central Zone - -----			
Utilization Fee - Maximum	(3)	(3)	(3)
- Minimum	0.00000	0.00256	0.00666
Receipts in Eastern Zone - -----			
Utilization Fee - Maximum	(3)	(3)	(3)
- Minimum	0.00000	0.00000	0.00410

 1/ Pursuant to Section 5.4.5 paragraph 2 of Rate Schedule IT, Shipper shall pay, in addition to the specified rate for this service, an ACA charge set forth in Section 4.6 of this FERC Gas Tariff.

2/ The minimum charge for backhauls and/or exchange transportation shall be \$0.00 per Dth.

3/ Seasonal recourse rates apply to short-term firm ("STF") service (i.e., firm service that has a term of less than one year and that does not include multiple-year seasonal service) under Rate Schedule FT and rate schedules that are based upon Rate Schedule FT rates, in addition to interruptible transportation service under Rate Schedule IT. On or before February 15 of each year, Great Lakes shall identify the number of peak months (from zero to five) for the upcoming 12-month period beginning April 1, identify the months to which peak rates apply; and set the peak rate multiplier from one up to a maximum of 1.4. Peak rates will be set by multiplying the applicable firm reservation charge (or reservation component) by the peak multiplier. The remaining off-peak months will have a multiplier equal to $1 - (P/O) \times (M - 1)$ where:

P=Peak Months

O=Off-Peak Months (Equal to 12-P)

M=Multiplier for Peak Months

Issued:
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Transporter's seasonal recourse rate elections and resulting peak and off-peak rates shall be posted under the Informational Postings section of Transporter's Internet website.

GREAT LAKES GAS TRANSMISSION LIMITED PARTNERSHIP
Open Access Rates
Market Center Services
Rate Schedule MC (Rates Per Dth) 1/

	Maximum -----	Minimum -----
PARK and LOAN		
First Day Fee	\$0.28415	\$0.00000
Subsequent Day Fee	\$0..05683	\$0.00000

1/ An ACA charge set forth in Section 4.6 of this FERC Gas Tariff shall not be assessed on any transaction under Rate Schedule MC.

GREAT LAKES GAS TRANSMISSION LIMITED PARTNERSHIP

Open Access Rates
 Firm Transportation Service
 Rate Schedule FT 6/

	Western Zone 1/ 2/ 3/ Deliveries ----- (Rates per Dth)	Central Zone 1/ 2/ 3/ Deliveries ----- (Rates per Dth)	Eastern Zone 1/ 2/ 3/ Deliveries ----- (Rates per Dth)
--	--	--	--

Receipts in Western Zone -

Reservation Fee	\$ 3.849 <u>2.810</u>	\$ 6.411 <u>4.680</u>	\$ 11.442 <u>8.353</u>
Utilization Fee	0. 00394 <u>00288</u>	0. 00745 <u>00544</u>	0. 01307 <u>00954</u>
Max. Volumetric Rate at 100% L.F. 4/ 5/	0. 12654 <u>09238</u>	0. 21076 <u>15386</u>	0. 37617 <u>27462</u>

Receipts in Central Zone -

Reservation Fee	\$ 6.411 <u>4.680</u>	\$ 3.307 <u>2.414</u>	\$ 8.338 <u>6.087</u>
Utilization Fee	0. 00745 <u>00544</u>	0. 00351 <u>00256</u>	0. 00912 <u>00666</u>
Max. Volumetric Rate at 100% L.F. 4/ 5/	0. 21076 <u>15386</u>	0. 10872 <u>07936</u>	0. 27413 <u>20012</u>

Receipts in Eastern Zone -

Reservation Fee	\$ 11.442 <u>8.353</u>	\$ 8.338 <u>6.087</u>	\$ 3.572 <u>4.217</u>
Utilization Fee	0. 01307 <u>00954</u>	0. 00912 <u>00666</u>	0. 00478 <u>00410</u>
Max. Volumetric Rate at 100% L.F. 4/ 5/	0. 37617 <u>27462</u>	0. 27413 <u>20012</u>	0. 11744 <u>13864</u>

Limited Firm Transportation Service
 Rate Schedule LFT 1/ 2/ 3/ 4/ 5/ 6/

The rates shown above for Service under Rate Schedule FT shall also be applicable to Service under Rate Schedule LFT except that the maximum Reservation Fee shall be adjusted to reflect the appropriate number of Days that Service shall be available utilizing the following formula, rounded to 3 decimal places: $LFT = FT \times ((TD - UD)/TD)$ where:

LFT = LFT Reservation Fee
 FT = Applicable FT Reservation Fee
 TD = Number of Days during Agreement Term
 UD = Number of Unavailable Days

Issued:
 Effective:

Docket No.
 Accepted:

Expedited Firm Transportation Service
Rate Schedule EFT 1/ 2/ 3/ 4/ 5/ 6/

The rates shown above for Service under Rate Schedule FT shall also be applicable to Service under Rate Schedule EFT except that the maximum Reservation Fee shall be adjusted to reflect the applicable expedited period of gas flow (EPF) utilizing the following formula, rounded to 3 decimal places: $EFT = FT \times (24/EPF)$ where:

EFT = EFT Reservation Fee
FT = Applicable FT Reservation Fee
24 = Number of Hours in a Gas Day
EPF = MDQ/MHQ

- 1/ Pursuant to Section 5.1.5 paragraph 2 of Rate Schedules FT, Section 5.2.5 paragraph 2 of Rate Schedule EFT, and Section 5.3.5 paragraph 2 of Rate Schedule LFT, Shipper shall pay, in addition to the rate specified for this service, an ACA charge set forth in Section 4.6 of this FERC Gas Tariff.
- 2/ The minimum charge for Reservation Fees, backhauls and/or exchange transportation shall be \$0.00 per Dth.
- 3/ In addition, Shipper shall pay the 100% load factor rate for the service outside the zones for which a Reservation Fee or Volumetric Rate is paid.
- 4/ In addition to the Volumetric Rate, the Utilization Fee is applicable to all services.
- 5/ 100% load factor rate is calculated as: $(\text{Reservation Fee} \times 12)/365$, rounded to 5 decimal places.
- 6/ Seasonal recourse rates apply to short-term firm ("STF") service (i.e., firm service that has a term of less than one year and that does not include multiple-year seasonal service) under Rate Schedule FT and rate schedules that are based upon Rate Schedule FT rates, in addition to interruptible transportation service under Rate Schedule IT. On or before February 15 of each year, Great Lakes shall identify the number of peak months (from zero to five) for the upcoming 12-month period beginning April 1, identify the months to which peak rates apply; and set the peak rate multiplier from one up to a maximum of 1.4. Peak rates will be set by multiplying the applicable firm reservation charge (or reservation component) by the peak multiplier. The remaining off-peak months will have a multiplier equal to $1 - (P/O) \times (M - 1)$ where:
P=Peak Months
O=Off-Peak Months (Equal to 12-P)
M=Multiplier for Peak Months

Transporter's seasonal recourse rate elections and resulting peak and off-peak rates shall be posted under the Informational Postings section of Transporter's Internet website.

GREAT LAKES GAS TRANSMISSION LIMITED PARTNERSHIP

Open Access Rates
 Interruptible Transportation Service
 Rate Schedule IT

 (Rates Per Dth)

	Western Zone Deliveries 1/ 2/ -----	Central Zone Deliveries 1/ 2/ -----	Eastern Zone Deliveries 1/ 2/ -----
Receipts in Western Zone - -----			
Utilization Fee - Maximum	(3)	(3)	(3)
- Minimum	0.0039400288	0.0074500544	0.0130700954
Receipts in Central Zone - -----			
Utilization Fee - Maximum	(3)	(3)	(3)
- Minimum	0.00000	0.0035100256	0.0091200666
Receipts in Eastern Zone - -----			
Utilization Fee - Maximum	(3)	(3)	(3)
- Minimum	0.00000	0.00000	0.0047800410

1/ Pursuant to Section 5.4.5 paragraph 2 of Rate Schedule IT, Shipper shall pay, in addition to the specified rate for this service, an ACA charge set forth in Section 4.6 of this FERC Gas Tariff.

2/ The minimum charge for backhauls and/or exchange transportation shall be \$0.00 per Dth.

3/ Seasonal recourse rates apply to short-term firm (“STF”) service (i.e., firm service that has a term of less than one year and that does not include multiple-year seasonal service) under Rate Schedule FT and rate schedules that are based upon Rate Schedule FT rates, in addition to interruptible transportation service under Rate Schedule IT. On or before February 15 of each year, Great Lakes shall identify the number of peak months (from zero to five) for the upcoming 12-month period beginning April 1, identify the months to which peak rates apply; and set the peak rate multiplier from one up to a maximum of 1.4. Peak rates will be set by multiplying the applicable firm reservation charge (or reservation component) by the peak multiplier. The remaining off-peak months will have a multiplier equal to 1-(P/O) x (M-1) where:

P=Peak Months

O=Off-Peak Months (Equal to 12-P)

M=Multiplier for Peak Months

Issued:
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Transporter's seasonal recourse rate elections and resulting peak and off-peak rates shall be posted under the Informational Postings section of Transporter's Internet website.

GREAT LAKES GAS TRANSMISSION LIMITED PARTNERSHIP
Open Access Rates
Market Center Services
Rate Schedule MC (Rates Per Dth) 1/

	Maximum -----	Minimum -----
PARK and LOAN		
First Day Fee	\$0. 38924 <u>28415</u>	\$0.00000
Subsequent Day Fee	\$0. 07785 <u>.05683</u>	\$0.00000

1/ An ACA charge set forth in Section 4.6 of this FERC Gas Tariff shall not be assessed on any transaction under Rate Schedule MC.

APPENDIX C

Pro Forma Revisions to Tariff Sections 6.3.1 (General Nomination Guidelines) and 6.27 (Transporter's Use)

6.3.1 General Nomination Guidelines.

- (a) Shipper shall furnish a nomination under Transporter's Rate Schedule FT, EFT, LFT, or IT of the estimated daily quantities of gas it desires Transporter to transport from each point of receipt to each point of delivery (Pathed Nomination Model as defined by the North American Energy Standards Board and incorporated in Section 6.23 of the General Terms and Conditions of this FERC Gas Tariff, Third Revised Volume No. 1). Further, the sum of the transportation quantities nominated along any segment shall not exceed the aggregate MDQ for that segment. However, Shipper may nominate its full MDQ at a point as both a forward haul and a backhaul at the same time, subject to availability and operational capabilities at that point. Any quantities nominated at such point that are inverse in direction to that provided in the Agreement, shall be given a Category B Shipper priority status pursuant to Section 6.11.1 paragraph 2(b) of these General Terms & Conditions for allocation purposes.

For quantities required in excess of Shippers' MDQ, Shipper shall nominate all such quantities under a separate IT agreement.

Shipper shall also furnish a nomination for the estimated daily quantities of Gas for which it desires Park and Loan or Title Transfer Tracking Service under Transporter's Rate Schedule MC.

- (b) All nominations must be made electronically either through GLConnect or through EDI pursuant to Section 6.24 of the General Terms and Conditions, or by such other mutually agreed upon method. In the event of a failure of electronic nomination communication equipment, the Internet, or a third party service provider, or any other similar emergency event, Shipper may submit and Transporter will accept written nominations. Any such emergency event shall be handled in a not unduly discriminatory manner.
- (c) If Transporter is required to allocate the capacity of its system among its Shippers on any Gas Day pursuant to Section 6.11 hereof, Transporter shall use the information furnished by each Shipper on the nomination in making such allocation.
- (d) In order to maintain efficient operation and to allow for optimum system utilization, Shipper shall notify Transporter of any changes of daily deliveries to Transporter or daily receipts from Transporter which deviate from scheduled nominations. Transporter shall notify Shipper of any changes of daily receipts from Shipper or of any daily deliveries to Shipper. The notification required by the preceding two sentences shall be made by telephone or other instant communication immediately upon knowledge thereof.
- (e) In an effort to expedite the confirmation of nominations with upstream and downstream interconnects and to facilitate the movement of gas across the pipeline

grid, Transporter shall permit Shipper to aggregate nominations at all points of interconnect under multiple transportation contracts with the use of a Transporter defined account number. Such account number will be used by Transporter in the nomination confirmation process with interconnecting parties.

- (f) Shipper shall have the ability to make nominations with roll over options and shall have the ability to nominate for multiple months or years, provided the nomination begin and end dates are within the term of the Shipper's Service Agreement. Any Shipper submitting nominations, however, for periods beyond the current month shall be required to submit revised nominations for the upcoming business month after Transporter's Use percentages for said month are established. Transporter will post such percentages on its Web Site as set forth in Section 6.27, paragraph (b), of these General Terms and Conditions.
- (g) Transporter has established a pooling point on its system at the Emerson point of interconnection. For administrative purposes, this pooling point shall be considered a logical point located immediately downstream of the physical interconnect. Shippers will be allowed to aggregate gas at the Emerson pooling point from multiple physical or logical points, and/or dis-aggregate gas from the Emerson pooling point to multiple physical or logical points. Shippers may make deliveries to the Emerson pooling point from any receipt point, or make deliveries to any point on the system from the Emerson pooling point. The priority for the Emerson pooling point shall be the same as the priority for the Emerson physical point for each Service Agreement.

6.27 TRANSPORTER'S USE

- (a) Shipper shall furnish gas for Transporter's Use in the following manner: Shipper shall tender to Transporter, for Transporter's Use, quantities of gas, in addition to Shipper's Scheduled Daily Delivery for Transportation Service, equivalent to the total Gas Tendered times the percentage determined by Transporter for the calendar month during which the deliveries are made for the services applicable to Shipper.

As such, the Scheduled Daily Delivery for Transportation divided by one less the applicable Transporter's Use percentage shall be equal to the total Gas Tendered. The applicable Transporter's Use percentage shall be determined based on each seventy-five (75) miles of Transportation or fraction thereof.

FORMULA

$SDD / (1 - TU\%) = GT$ where

GT = Gas Tendered for Transport and Transporter's Use
TU% = Transporter's Use percentage
SDD = Scheduled Daily Delivery

- (b) Transporter will post the applicable fuel schedules utilized to determine the monthly fuel percentages by way of Transporter's Web Site on the tenth (10th) calendar day of each month for the following month. Transporter's fuel schedules will be posted on Transporter's Web Site under Informational Postings/Regulatory/Transporter's Use Reports. Shipper may request that Transporter notify it by email that the fuel schedules have been posted on Transporter's Web Site. Shipper may comment on the fuel schedules and associated fuel percentages prior to the eighteenth (18th) calendar day of each month. Transporter may make changes to the fuel schedules and, on the eighteenth (18th) calendar day of each month, the fuel percentages will be final and shall be supported by final fuel schedules. If the tenth (10th) or eighteenth (18th) calendar day falls on a weekend day or federal banking holiday, then Transporter will post the applicable fuel schedules and percentages on the next Business Day. Such percentages shall be within the maximum and minimum percentages for each seventy-five (75) miles of Transportation or fraction thereof set forth in Section 4.5 of Third Revised Volume No. 1.

- (c) Changes to the percentages shall be made in the following manner:

- (1) Transporter will make the following calculations. Transporter will compare the actual system Transporter's Use to the Transporter's Use tendered by all Shippers for the prior month (including any remaining over or underrecovery from the preceding prior period). Separate comparisons will be made for (1) fuel and other use gas, which is subject to the per seventy-five (75) mile allocation; and

- (2) lost and unaccounted gas, which is allocated volumetrically. These comparisons will be used to determine the Prior Period Difference for the applicable period.
- (2) The Prior Period Difference, positive or negative, will be included in determining the Transporter's Use percentages applicable to the next calendar month. Except as provided in the preceding sentence, the Transporter's Use percentages applicable to a calendar month shall be based upon forecasted Transporter's Use gas.
- (d) Transporter shall file with the Commission, by July 31st and January 31st of each year, the calculations supporting the Transporter's Use Percentages that were charged in each of the preceding six months. At any time deemed appropriate by the Transporter, the Transporter may adjust the minimum and/or maximum percentages set forth in Section 4.5 of this Third Revised Volume No. 1. Transporter shall file with the Commission such revised percentages. The filing shall be based upon the Transporter's past experience adjusted for any cumulative over or under-recovery of Transporter's Use existing as of the month preceding the month of the filing.

6.3.1 General Nomination Guidelines.

- (a) Shipper shall furnish a nomination under Transporter's Rate Schedule FT, EFT, LFT, or IT of the estimated daily quantities of gas it desires Transporter to transport from each point of receipt to each point of delivery (Pathed Nomination Model as defined by the North American Energy Standards Board and incorporated in Section 6.23 of the General Terms and Conditions of this FERC Gas Tariff, Third Revised Volume No. 1). Further, the sum of the transportation quantities nominated along any segment shall not exceed the aggregate MDQ for that segment. However, Shipper may nominate its full MDQ at a point as both a forward haul and a backhaul at the same time, subject to availability and operational capabilities at that point. Any quantities nominated at such point that are inverse in direction to that provided in the Agreement, shall be given a Category B Shipper priority status pursuant to Section 6.11.1 paragraph 2(b) of these General Terms & Conditions for allocation purposes.

For quantities required in excess of Shippers' MDQ, Shipper shall nominate all such quantities under a separate IT agreement.

Shipper shall also furnish a nomination for the estimated daily quantities of Gas for which it desires Park and Loan or Title Transfer Tracking Service under Transporter's Rate Schedule MC.

- (b) All nominations must be made electronically either through GLConnect or through EDI pursuant to Section 6.24 of the General Terms and Conditions, or by such other mutually agreed upon method. In the event of a failure of electronic nomination communication equipment, the Internet, or a third party service provider, or any other similar emergency event, Shipper may submit and Transporter will accept written nominations. Any such emergency event shall be handled in a not unduly discriminatory manner.
- (c) If Transporter is required to allocate the capacity of its system among its Shippers on any Gas Day pursuant to Section 6.11 hereof, Transporter shall use the information furnished by each Shipper on the nomination in making such allocation.
- (d) In order to maintain efficient operation and to allow for optimum system utilization, Shipper shall notify Transporter of any changes of daily deliveries to Transporter or daily receipts from Transporter which deviate from scheduled nominations. Transporter shall notify Shipper of any changes of daily receipts from Shipper or of any daily deliveries to Shipper. The notification required by the preceding two sentences shall be made by telephone or other instant communication immediately upon knowledge thereof.
- (e) In an effort to expedite the confirmation of nominations with upstream and downstream interconnects and to facilitate the movement of gas across the pipeline

grid, Transporter shall permit Shipper to aggregate nominations at all points of interconnect under multiple transportation contracts with the use of a Transporter defined account number. Such account number will be used by Transporter in the nomination confirmation process with interconnecting parties.

- (f) Shipper shall have the ability to make nominations with roll over options and shall have the ability to nominate for multiple months or years, provided the nomination begin and end dates are within the term of the Shipper's Service Agreement. Any Shipper submitting nominations, however, for periods beyond the current month shall be required to submit revised nominations for the upcoming business month after Transporter's Use percentages for said month are established. Transporter will post such percentages on its Web Site ~~by the fifteenth (15th) day of the month preceding~~ business as set forth in Section 6.27, paragraph (b), of these General Terms and Conditions.
- (g) Transporter has established a pooling point on its system at the Emerson point of interconnection. For administrative purposes, this pooling point shall be considered a logical point located immediately downstream of the physical interconnect. Shippers will be allowed to aggregate gas at the Emerson pooling point from multiple physical or logical points, and/or dis-aggregate gas from the Emerson pooling point to multiple physical or logical points. Shippers may make deliveries to the Emerson pooling point from any receipt point, or make deliveries to any point on the system from the Emerson pooling point. The priority for the Emerson pooling point shall be the same as the priority for the Emerson physical point for each Service Agreement.

6.27 TRANSPORTER'S USE

- (a) Shipper shall furnish gas for Transporter's Use in the following manner: Shipper shall tender to Transporter, for Transporter's Use, quantities of gas, in addition to Shipper's Scheduled Daily Delivery for Transportation Service, equivalent to the total Gas Tendered times the percentage determined by Transporter for the calendar month during which the deliveries are made for the services applicable to Shipper.

As such, the Scheduled Daily Delivery for Transportation divided by one less the applicable Transporter's Use percentage shall be equal to the total Gas Tendered. The applicable Transporter's Use percentage shall be determined based on each seventy-five (75) miles of Transportation or fraction thereof.

FORMULA

$SDD / (1 - TU\%) = GT$ where

GT = Gas Tendered for Transport and Transporter's Use
TU% = Transporter's Use percentage
SDD = Scheduled Daily Delivery

- (b) ~~The Transporter will post the applicable fuel schedules utilized to determine the monthly fuel percentages will be communicated to Shipper~~ by way of Transporter's Web Site ~~on~~by the ~~fifteenth-tenth (15th/10th)~~ calendar day of ~~the preceding~~each month ~~for the following month~~. Transporter's fuel schedules ~~or~~ will be posted on Transporter's Web Site under Informational Postings/Regulatory/Transporter's Use Reports. ~~Shipper may request that faxed to any Shipper requesting such percentages after such percentages are posted to~~ Transporter's notify it by email that the fuel schedules have been posted on Transporter's Web Site. Shipper may comment on the fuel schedules and associated fuel percentages prior to the eighteenth (18th) calendar day of each month. Transporter may make changes to the fuel schedules and, on the eighteenth (18th) calendar day of each month, the fuel percentages will be final and shall be supported by final fuel schedules. If the tenth (10th) or eighteenth (18th) calendar day falls on a weekend day or federal banking holiday, then Transporter will post the applicable fuel schedules and percentages on the next Business Day. Such percentages shall be within the maximum and minimum percentages for each seventy-five (75) miles of Transportation or fraction thereof set forth in Section 4.5 of Third Revised Volume No. 1.

- (c) Changes to the percentages shall be made in the following manner:

- (1) ~~By the fifteenth (15th) day of the preceding month,~~ Transporter will make the following calculations. Transporter will compare the actual system Transporter's Use to the Transporter's Use tendered by all Shippers for the prior month

(including any remaining over or underrecovery from the preceding prior period). Separate comparisons will be made for (1) fuel and other use gas, which is subject to the per seventy-five (75) mile allocation; and (2) lost and unaccounted gas, which is allocated volumetrically. These comparisons will be used to determine the Prior Period Difference for the applicable period.

- (2) The Prior Period Difference, positive or negative, will be included in determining the Transporter's Use percentages applicable to the next calendar month. Except as provided in the preceding sentence, the Transporter's Use percentages applicable to a calendar month shall be based upon forecasted Transporter's Use gas.

- (d) Transporter shall file with the Commission, by July 31st and January 31st of each year, the calculations supporting the Transporter's Use Percentages that were charged in each of the preceding six months. At any time deemed appropriate by the Transporter, the Transporter may adjust the minimum and/or maximum percentages set forth in Section 4.5 of this Third Revised Volume No. 1. Transporter shall file with the Commission such revised percentages. The filing shall be based upon the Transporter's past experience adjusted for any cumulative over or under-recovery of Transporter's Use existing as of the month preceding the month of the filing.

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Great Lakes Gas Transmission Limited) Docket No. RP17-598-000
Partnership)

EXPLANATORY STATEMENT

Pursuant to Rule 602(c)(1) of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) Rules of Practice and Procedure, 18 C.F.R. § 3385.602(c)(1)(ii) (2017), Great Lakes Gas Transmission Limited Partnership (“Great Lakes”) submits the following Explanatory Statement to the attached Stipulation and Agreement of Settlement (“Settlement”). The Settlement resolves all issues in the above-captioned proceedings. This Explanatory Statement is for informational purposes only; in the event of a conflict between the contents of this Explanatory Statement and terms of the Settlement, the terms of the Settlement govern.

ARTICLE I – PROCEDURAL HISTORY

Article I sets forth the procedural background to this proceeding.

ARTICLE II – INDIVISIBILITY OF SETTLEMENT TERMS/BLACK BOX SETTLEMENT

Article II.A. states that the Settlement is a compromise among many parties with diverse and often conflicting interests, and that it provides for a reasonable and comprehensive resolution of all issues and matters in dispute in this proceeding. It further emphasizes that the Settlement is an integrated package that Great Lakes and the Settling Parties request be approved in its entirety, without modification.

Article II.B. states that the Settlement Rates, depreciation rates, and negative salvage percentages set forth in Articles VI.A. and VII, respectively, are “black box” rates.

ARTICLE III – SETTLING PARTIES AND CONTESTING PARTIES

Article III describes settlement procedures and the parties' rights in the event there is a Contesting Party as that term is defined in the Settlement.

Article III.A. defines "Settling Party" as any party or shipper on Great Lakes that is not a Contesting Party. It further provides that although Great Lakes is a party to the Settlement, it is not a Settling Party as the term is defined.

Article III.B.1. provides that any person, excluding Great Lakes, shall become a Contesting Party on the date that it (a) files any pleading at the Commission opposing or seeking to condition or modify the Settlement as a whole or any of its provisions; (b) provides notice as set forth in Article IV.A.5. that it elects to become a Contesting Party; or (c) takes any action inconsistent with the terms of the Settlement.

Article III.B.2. provides that if there are one or more Contesting Parties, Great Lakes shall submit a tariff filing to restore the rates reflected in its rate filing in Docket No. RP17-598-000 ("Motion Rates"), making them effective solely for Contesting Parties. It further provides that Great Lakes shall have the right to charge a Contesting Party the Motion Rates for service provided to a Contesting Party, for the period commencing October 1, 2017, until the Commission issues an order resolving, on the merits, the appropriate treatment of the Contesting Party, and the rates that are applicable to the Contesting Party are placed into effect. It further states that Great Lakes shall have the right to charge any Contesting Party the difference between what would have been recovered by Great Lakes under the Motion Rates (giving effect to any negotiated rate or discount agreement that was in place) and the rates actually collected from that party under each contract for the period commencing on October 1, 2017, until the date that the party

became a Contesting Party. It further sets forth the manner in which the make-up charge shall be calculated and billed to a Contesting Party.

Article III.B.3. provides that, subject to Article III.B.5., Contesting Parties shall forego any and all rights or obligations under the Settlement except for the obligation to pay the make-up charge described in the preceding paragraph. The Settlement Rates are not subject to modification as a result of the outcome of any rate litigation involving a Contesting Party.

Article III.B.4. addresses the circumstance where Settling Parties and Contesting Parties are subject to different applicable maximum recourse rates, and specifies how the maximum recourse rate for those shippers shall be determined for purposes of the right of first refusal and capacity release purposes.

Article III.B.5. provides that nothing in the Settlement shall constitute a waiver of any party's rights to request the Commission to approve the Settlement as an overall package over the objection of a Contesting Party, or preclude the Commission from doing so.

ARTICLE IV – SETTLEMENT EFFECTIVENESS

Article IV generally governs when the Settlement shall become effective and sets forth the rights of various 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 Great Lakes, Trial Staff, and the Settling Parties shall meet and confer to determine whether the modification(s) and condition(s) may be accepted by all Settling Parties, Trial Staff, and Great Lakes, or, if not, whether agreeable changes to the Settlement may be made. If the

Settling Parties, Trial Staff, and Great Lakes are unable to agree on a suitable solution, the Settlement will become effective subject to the rights set forth in the paragraphs below.

Article IV.A.3. sets forth Great Lakes' rights to seek rehearing of any Commission order approving the Settlement subject to a modification(s) or condition(s) that materially or adversely affects Great Lakes as well as Great Lakes' 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 the Commission issues an order approving the Settlement subject to a modification(s) or condition(s) that materially or adversely affects Great Lakes, then Great Lakes may elect to seek rehearing of the order or withdraw the Settlement. Article IV.A.4. provides that if the Commission issues a Final Order denying Great Lakes' request for rehearing, Great Lakes 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 Great Lakes, then Article IV.A.5. provides that the Settling Party may, upon notice, elect not to be bound by the Settlement and/or seek rehearing of such an order. A Settling Party that elects not to be bound by the Settlement shall be considered a Contesting Party and Great Lakes shall have the option, but not the obligation, to withdraw the Settlement.

Article IV.B. provides that if Great Lakes withdraws the Settlement or it is rejected by the Commission or a court of competent jurisdiction, then all parties' rights and obligations under the Settlement are deemed null and void and all parties shall be restored to the status quo as it existed prior to October 1, 2017; provided, however, that Great Lakes shall be entitled to implement the procedures set forth in Article VI.B. If Great Lakes provides notice of withdrawal or the Settlement is rejected by the Commission or a court of

competent jurisdiction, Great Lakes may take any necessary action, including submission of a tariff filing, to restore or otherwise make effective the Motion Rates as of October 1, 2017, and no former Settling Party shall oppose that action taken by Great Lakes. However, former Settling Parties retain all rights to litigate the justness and reasonableness of the Motion Rates.

ARTICLE V – TERM, MANDATORY FILING REQUIREMENT, AND TIMING

Article V.A. states that the term of the Settlement shall begin on the Effective Date and shall terminate when new proposed rates become effective as the result of a general rate change filing by Great Lakes pursuant to Section 4 of the Natural Gas Act (“NGA”) or a Commission order establishing new generally applicable rates for Great Lakes pursuant to Section 5 of the NGA.

Article V.B. establishes that Great Lakes shall file a general rate case pursuant to Section 4 of the NGA no later than March 31, 2022, such that the filed rates proposed therein will be effective no later than October 1, 2022, unless rates set pursuant to an NGA Section 5 investigation have become effective prior to October 1, 2022.

ARTICLE VI – SETTLEMENT RATES

Article VI.A.1. establishes the rates that shall be in effect pursuant to the Settlement until the Settlement is terminated pursuant to Article V.A. (“Settlement Rates”). The Settlement Rates are set forth in Appendix B to the Settlement.

Article VI.A.2. sets forth the procedures by which Great Lakes shall provide refunds to the extent that the rates charged by Great Lakes to a Settling Party beginning on October 1, 2017, are in excess of the Settlement Rates established pursuant to Article VI.A.1.

Article VI.B. provides that to the extent that the Settlement is rejected by the Commission or a court of competent jurisdiction or Great Lakes withdraws the Settlement pursuant to Articles IV.A.3., IV.A.4., or IV.A.5., Great Lakes shall have the right to charge each former Settling Party to the extent the party has paid a lower rate by virtue of the rates that were placed into effect by Great Lakes on an interim basis effective October 1, 2017, but that any make-up charge shall be subject to refund. It further sets forth the manner in which the make-up charge shall be calculated and billed to former Settling Parties.

ARTICLE VII – DEPRECIATION AND NEGATIVE SALVAGE

Article VII describes the depreciation rates and negative salvage percentages that shall be applied by Great Lakes for regulatory accounting purposes during the term of the Settlement. It further provides that a Final Order approving the Settlement shall constitute all necessary authority, including under Sections 8 and 9 of the NGA, for Great Lakes to apply the settlement depreciation rates and negative salvage percentages.

ARTICLE VIII – ROLL-IN

Article VIII provides that upon the Effective Date, certain specified expansion facilities shall be deemed to be permanently rolled in.

ARTICLE IX – INCOME TAXES

Article IX provides that Great Lakes will comply with any Commission-mandated, industry-wide requirement to modify existing rates to reflect (i) statutory changes in corporate income tax rates and/or (ii) Commission policy with respect to recovery of income tax allowances for master limited partnerships and/or pass-through entities.

ARTICLE X – FUEL TRACKER MECHANISM

Article X provides that Great Lakes shall adopt certain revisions to its Tariff with respect to Great Lakes' mechanism for recovering costs of compressor fuel, unaccounted gas and other operating usage. The revisions are set forth in the Tariff sections contained in Appendix C to the Settlement.

ARTICLE XI – TARIFF FILINGS

Article XI provides that Great Lakes shall make an NGA Section 4 filing containing the actual Tariff sections as they appear in Appendices B and C to the Settlement to be effective October 1, 2017.

ARTICLE XII – THE SETTLEMENT SUPERSEDES THE 2013 SETTLEMENT

Article XII.A. provides that, subject to Articles IV.B. and VI.B., the Settling Parties agree that as of the Effective Date, the 2013 Settlement is superseded in its entirety by the Settlement and shall be null and void, and no provision of the 2013 Settlement (except as provided in Article XII.B.) will continue to have any force or effect or be binding on any entity, party, or Settling Party; provided, however, that the provisions in Article VII of the 2013 Settlement governing seasonal rates are not superseded by the Settlement and shall survive for purposes of the Settlement. However, the Settlement does not effectuate changes to Great Lakes' existing tariff other than those set forth in the Settlement.

Article XII.B. states how certain calculations are to be performed for purposes of application of Appendix F to the 2013 Settlement (Revenue Cap and Revenue Sharing Rider) with respect to revenues received for services provided during the calendar year 2017. Article XII.B. also states that the Settling Parties agree that Appendix F to the 2013 Settlement shall terminate and have no force and effect for revenues collected by Great

Lakes relating to jurisdictional transportation service performed after the 2017 calendar year.

ARTICLE XIII – MISCELLANEOUS

Article XIII.A. provides that neither Great Lakes nor any Settling Party shall be bound or prejudiced by any part of the Settlement, unless it becomes effective in accordance with the provisions hereof.

Article XIII.B. provides that: the Settlement shall have no precedential value (Article XIII.B.1.); the Settlement and any negotiations may not be employed other than to enforce the terms of the Settlement (Article XIII.B.2.); nothing in the Settlement shall be deemed an admission by any party (Article XIII.B.3.); the Settlement and all discussions held and materials provided by any participant are subject to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2017) (Article XIII.B.4.); the methods or practices used in deriving rates shall not be considered settled practices (Article XIII.B.5.); and neither the Settlement nor the Settlement rates create any presumption as to the justness and reasonableness of Great Lakes' rates with respect to the Commission's Modernization Policy Statement (Article XIII.B.6.).

Article XIII.C. provides that no participant shall be deemed the drafter of the Settlement, and the Settlement shall not be construed against any participant as the drafter. In the event of conflict between terms contained in the Settlement and those of this Explanatory Statement, the terms of the Settlement control.

Article XIII.D. provides that the provisions of the Settlement are not severable and may become effective only in accordance with the terms of the Settlement.

Article XIII.E. provides 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 Great Lakes 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.

Article XIII.F. states that the standard of review for any proposed modifications to the provisions of the Settlement by the Commission acting *sua sponte*, the Settling Parties and Great Lakes acting unanimously, or third parties, will be the just and reasonable standard. Otherwise, the standard for review for any proposed modifications to the provisions of the Settlement at the request of either Great Lakes or one or more, but less than all, Settling Parties and Great Lakes will be the “public interest” standard for review. Nothing in the Settlement is meant to limit the Commission’s authority to approve uncontested settlements under 18 C.F.R. § 385.602(g)(3) (2017).

Article XIII.G. provides that the Settlement shall apply to Great Lakes and the Settling Parties as well as their respective successors in interest.

ARTICLE XIV – EFFECT OF COMMISSION APPROVAL

Article XIV.A. states that the Commission’s approval of the Settlement shall constitute Commission authorization and approval for Great Lakes to implement the Settlement Rates and Tariff changes set forth in the Settlement on their proposed effective dates without suspension and without conditions other than those specified herein.

Article XIV.B. states that the Commission’s approval of the Settlement shall constitute Commission waiver of compliance, to the extent (if any) necessary, by Great Lakes with the requirements of the Commission’s Rules and Regulations under the Natural

Gas Act and Natural Gas Policy Act including, but not limited to, Parts 154, 157, 201, and 284 as necessary to carry out any provision of the Settlement.

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?

Great Lakes does not believe that the Settlement will affect any other pending cases.

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 either by a third party or the Commission acting *sua sponte*?

No. The standard of review for any proposed modifications to the provisions of the Settlement by the Commission acting *sua sponte*, the Settling Parties, and Great Lakes acting unanimously, or third parties, will be the just and reasonable standard. Otherwise, the standard for review for any proposed modifications to the provisions of the Settlement at the request of either Great Lakes or one or more, but less than all, Settling Parties and Great Lakes will be the “public interest” standard for review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956), and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) (the “*Mobile-Sierra*

doctrine”). See also *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County*, 554 U.S. 527 (2008); *NRG Power Marketing, LLC v. Maine Public Util. Comm’n*, 558 U.S. 165 (2010).

Dated: October 30, 2017

Respectfully submitted,

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**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Great Lakes Gas Transmission Limited)
Partnership) Docket No. RP17-598-000

STATEMENT OF REFERENCES

Pursuant to Rule 602(c)(1)(iii) of the Federal Energy Regulatory Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.602(c)(1)(iii) (2017), Great Lakes Gas Transmission Limited Partnership (“Great Lakes”) hereby submits in summary form this Statement of References to documents, testimony, and exhibits relevant to the Stipulation and Agreement of Settlement filed herewith. The documents filed in this proceeding, the Stipulation and Agreement, the Appendices attached thereto and related materials are relevant materials.

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**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Great Lakes Gas Transmission Limited Partnership) Docket No RP17-598-000
Partnership)

CERTIFICATION OF UNCONTESTED SETTLEMENT

(Issued _____, 2017)

TO THE COMMISSION:

I. INTRODUCTION

1. In accordance with Rule 602(g),¹ the Stipulation and Agreement of Settlement (“Settlement”) filed by Great Lakes Gas Transmission Limited Partnership (“Great Lakes”), and supported or not opposed by the Settling Parties identified in Appendix A of the Settlement, is certified as an uncontested settlement. The Settlement resolves all issues outstanding between the parties in the above-captioned docket. Approval of the settlement is in the public interest.

II. CASE HISTORY

2. On March 31, 2017, Great Lakes submitted a general rate case filing pursuant to Section 4 of the Natural Gas Act (“NGA”)² and to Article IV.A. of the Stipulation and Agreement dated September 27, 2013, in Docket No. RP13-1367-000 (“2013 Settlement”)³ (the “Rate Filing”), containing proposed tariff records to reflect a system-wide general change in Great Lakes’ rates and additional changes to Great Lakes’ rate schedules and General Terms and Conditions within its FERC Gas Tariff, Third Revised Volume No. 1 (“Tariff”). Among other things, Great Lakes proposed in the Rate Filing to restate its base transportation rates (maximum recourse rates) for Tariff Rate Schedules FT, IT, MC, LFT, and EFT, and to eliminate references to the 2013 Settlement from its Tariff.

3. Certain parties protested Great Lakes’ Rate Filing on various grounds and requested more time to fully evaluate the proposals therein.

¹ 18 C.F.R. § 385.602(g)(1) (2017).

² 15 U.S.C. 717c.

³ See *Great Lakes Gas Transmission Limited Partnership*, 145 FERC ¶ 61,126 (2013).

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4. On April 24, 2017, Great Lakes hosted an informal settlement meeting to which all intervenors were invited, providing a meeting room in Washington, D.C. and a telephone conference number to allow remote participation.⁴ At that meeting, Great Lakes and participating intervenors discussed Great Lakes' Rate Filing and possible paths to settlement.

5. On April 26, 2017, the Commission's Office of Energy Market Regulation ("OEMR") issued the Suspension Order accepting and suspending Great Lakes' proposed tariff sections, to be effective October 1, 2017, subject to refund. In the Suspension Order, OEMR also set the Rate Filing for a trial-type evidentiary hearing, but held the hearing in abeyance and directed the Chief Administrative Law Judge to appoint a settlement judge to assist the parties in trying to reach settlement before beginning hearing procedures.

6. The undersigned was designated as the Settlement Judge ("Settlement Judge") by order of the Chief Administrative Law Judge issued on May 2, 2017. Great Lakes responded to informal discovery requests sponsored by Trial Staff. The active participants exchanged multiple settlement offers and participated in settlement conferences in Washington, D.C. on August 23, 2017, and September 13-14, 2017. As a result of these discussions, Great Lakes and the active parties reached an agreement in principle to settle all issues in this case based on the terms that are reflected in this Settlement. On October 18, 2017, the undersigned reported to the Commission that the parties had reached a settlement in principle.

7. On September 29, 2017, Great Lakes moved to place the rates reflected in its Rate Filing into effect on October 1, 2017, subject to refund (the "Motion Rates"). Also on September 29, 2017, Great Lakes moved to supersede, effective October 1, 2017, the Motion Rates and to place into effect alternative rates agreed to by the parties (the "Management-Adjusted Rates") on an interim basis. On _____, 2017, the Commission granted Great Lakes' September 29, 2017 motion to place the Management-Adjusted Rates into effect on October 1, 2017.

8. On October 30, 2017, Great Lakes filed the Stipulation and Agreement of Settlement, which, if approved by the Commission, would resolve all issues in this proceeding.

III. OFFER OF SETTLEMENT

9. The offer of Settlement consists of fourteen numbered articles, and three lettered appendices, in terms substantially as follows:

10. Article I describes the procedural history of these dockets.

11. Article II.A. states that the Settlement is a compromise among many parties with diverse and often conflicting interests, and that it provides for a reasonable and comprehensive resolution of all issues and matters in dispute in this proceeding. It further states that the Settlement is an

⁴ At that time, the Commission's Trial Staff ("Trial Staff") had not yet been assigned.

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integrated package that Great Lakes and the Settling Parties request be approved in its entirety, without modification. Article II.B. states that the Settlement Rates and depreciation rates set forth in the Settlement are “black box” rates.

12. Article III.A. defines “Settling Party” as any party or shipper on Great Lakes that is not a Contesting Party. It further provides that although Great Lakes is a party to the Settlement, it is not a Settling Party as that term is defined in the Settlement.

13. Article III.B.1. provides that any person, excluding Great Lakes, shall become a Contesting Party on the date that it (a) files any pleading at the Commission opposing or seeking to condition or modify the Settlement as a whole or any of its provisions; (b) provides notice as set forth in Article IV.A.5. that it elects to become a Contesting Party; or (c) takes any action inconsistent with the terms of the Settlement. The remainder of Article III.B. addresses treatment of Contesting Parties, including Great Lakes’ right to charge the Motion Rates to Contesting Parties for the period commencing on October 1, 2017, and how the maximum recourse rates for Contesting Parties shall be determined for right of first refusal and capacity release purposes.

14. Article IV.A. generally governs when the Settlement shall become effective and sets forth the rights of various 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, Trial Staff, and Great Lakes shall meet and confer to determine whether the modification(s) and condition(s) may be accepted by the Settling Parties, Trial Staff, and Great Lakes, or, if not, whether agreeable changes to the Settlement may be made. If the Settling Parties are unable to agree on a suitable solution, the Settlement will become effective subject to the rights set forth in the paragraphs below. Great Lakes has the right to seek rehearing of any Commission order approving the Settlement subject to a modification(s) or condition(s) that materially or adversely affects Great Lakes, as well as the right to withdraw the Settlement if the Commission issues such an order. If the Commission issues a Final Order denying Great Lakes’ request for rehearing, Great Lakes 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 Great Lakes, the Settling Party may, upon notice, elect not to be bound by the Settlement and/or seek rehearing of such an order. A Settling Party that elects not to be bound by the Settlement shall be considered a Contesting Party and Great Lakes shall have the option, but not the obligation, to withdraw the Settlement.

15. Article IV.B. provides that if Great Lakes withdraws the Settlement or it is rejected by the Commission or a court of competent jurisdiction, then all parties’ rights and obligations under the Settlement are deemed null and void and all parties shall be restored to the status quo as it existed as it existed on October 1, 2017; provided, however, that Great Lakes shall be entitled to implement the procedures set forth in Article VI.B. If Great Lakes provides notice of withdrawal or the Settlement is rejected by the Commission or a court of competent jurisdiction, Great Lakes may take any necessary action, including submission of a tariff filing, to restore or otherwise make effective the Motion Rates as of October 1, 2017, and no former Settling Party

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shall oppose that action taken by Great Lakes. However, former Settling Parties retain all rights to litigate the justness and reasonableness of the Motion Rates.

16. Article V.A. states that the term of the Settlement shall begin on the Effective Date and shall terminate when new proposed rates become effective as the result of a general rate change filing by Great Lakes pursuant to Section 4 of the NGA or a Commission order establishing new generally applicable rates for Great Lakes pursuant to Section 5 of the NGA. Article V.B. establishes that Great Lakes shall file a general rate case pursuant to Section 4 of the NGA no later than March 31, 2022, such that the filed rates proposed therein will be effective no later than October 1, 2022, unless rates set pursuant to an NGA Section 5 investigation have become effective prior to October 1, 2022.

17. Article VI.A.1. establishes the rates that shall be in effect pursuant to the Settlement until the Settlement is terminated pursuant to Article V.A. (“Settlement Rates”). The Settlement Rates are set forth in Appendix B to the Settlement. Article VI.A.2. sets forth the procedures by which Great Lakes shall provide refunds to the extent that the rates charged by Great Lakes to a Settling Party beginning on October 1, 2017, are in excess of the Settlement Rates established pursuant to Article VI.A.1. Article VI.B. provides that to the extent that the Settlement is rejected by the Commission or a court of competent jurisdiction or Great Lakes withdraws the Settlement pursuant to Articles IV.A.3., IV.A.4., or IV.A.5., Great Lakes shall have the right to charge each former Settling Party to the extent the party has paid a lower rate by virtue of the rates that were placed into effect by Great Lakes on an interim basis effective October 1, 2017, but that any make-up charge shall be subject to refund. It further sets forth the manner in which the make-up charge shall be calculated and billed to former Settling Parties.

18. Article VII describes the depreciation rates and negative salvage percentages that shall be applied by Great Lakes for regulatory accounting purposes during the term of the Settlement. It further provides that a Final Order approving the Settlement shall constitute all necessary authority, including under Sections 8 and 9 of the NGA, for Great Lakes to apply the settlement depreciation rates and negative salvage percentages.

19. Article VIII provides that upon the Effective Date, certain specified expansion facilities shall be deemed to be permanently rolled in.

20. Article IX provides that Great Lakes will comply with any Commission-mandated, industry-wide requirement to modify existing rates to reflect (i) statutory changes in corporate income tax rates and/or (ii) Commission policy with respect to recovery of income tax allowances for master limited partnerships and/or pass-through entities.

21. Article X provides that Great Lakes shall adopt certain revisions to its Tariff with respect to Great Lakes’ mechanism for recovering costs of compressor fuel, unaccounted gas and other operating usage. The revisions are set forth in the Tariff sections contained in Appendix C to the Settlement.

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22. Article XI provides that Great Lakes shall make an NGA Section 4 filing containing the actual Tariff sections as they appear in Appendices B and C to the Settlement to be effective October 1, 2017.

23. Article XII.A. provides that, subject to Articles IV.B. and VI.B., the Settling Parties agree that as of the Effective Date, the 2013 Settlement is superseded in its entirety by the Settlement and shall be null and void, and no provision of the 2013 Settlement (except as provided in Article XII.B.) will continue to have any force or effect or be binding on any entity, party, or Settling Party; provided, however, that the provisions in Article VII of the 2013 Settlement governing seasonal rates are not superseded by the Settlement and shall survive for purposes of the Settlement. However, the Settlement does not effectuate changes to Great Lakes' existing tariff other than those set forth in the Settlement. Article XII.B. states how certain calculations are to be performed for purposes of application of Appendix F to the 2013 Settlement (Revenue Cap and Revenue Sharing Rider) with respect to revenues received for services provided during the calendar year 2017. Article XII.B. also states that the Settling Parties agree that Appendix F to the 2013 Settlement shall terminate and have no force and effect for revenues collected by Great Lakes relating to jurisdictional transportation service performed after the 2017 calendar year.

24. Article XIII contains standard provisions governing reservations of the parties. In addition, it provides that to the extent that the Commission considers any changes to the terms of the Settlement, the standard of review for any proposed modifications to the provisions of the Settlement by the Commission acting *sua sponte*, the Settling Parties and Great Lakes acting unanimously, or third parties, will be the just and reasonable standard. Otherwise, the standard for review for any proposed modifications to the provisions of the Settlement at the request of either Great Lakes or one or more, but less than all, Settling Parties, and Great Lakes will be the "public interest" standard for review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956), and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) (the "Mobile-Sierra doctrine"). See also *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County*, 554 U.S. 527 (2008); *NRG Power Marketing, LLC v. Maine Public Util. Comm'n*, 558 U.S. 165 (2010).

25. Article XIV.A. states that the Commission's approval of the Settlement shall constitute Commission authorization and approval for Great Lakes to implement the Settlement Rates and Tariff changes set forth in the Settlement on their proposed effective dates without suspension and without conditions other than those specified herein. Article XIV.B. states that the Commission's approval of the Settlement shall constitute Commission waiver of compliance, to the extent (if any) necessary, by Great Lakes with the requirements of the Commission's Rules and Regulations under the Natural Gas Act and Natural Gas Policy Act including, but not limited to, Parts 154, 157, 201, and 284 as necessary to carry out any provision of the Settlement.

IV. COMMENTS

26. On _____, _____ filed comments. _____ stated that the Settlement _____.

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V. DISCUSSION

Does the settlement affect other pending cases?

27. The Settlement will not affect any other pending cases.

Does the settlement involve issues of first impression?

28. The Settlement does not involve any issue of first impression.

Does the settlement depart from Commission precedent?

29. The Settlement does not depart from Commission precedent.

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 either by a third party or the Commission acting *sua sponte*?

30. No. The standard of review for any proposed modifications to the provisions of the Settlement by the Commission acting *sua sponte*, the Settling Parties and Great Lakes acting unanimously, or third parties, will be the just and reasonable standard. Otherwise, the standard for review for any proposed modifications to the provisions of the Settlement at the request of either Great Lakes or one or more, but less than all, Settling Parties, and Great Lakes will be the “public interest” standard for review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956), and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) (the “*Mobile-Sierra doctrine*”). See also *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County*, 554 U.S. 527 (2008); *NRG Power Marketing, LLC v. Maine Public Util. Comm’n*, 558 U.S. 165 (2010)..

VI. CONCLUSION

31. This uncontested Settlement provides a fair and reasonable resolution of the issues in this proceeding. Approval of this Settlement would serve the public interest and avoid costly litigation. The undersigned hereby certifies this Settlement and recommends that it be accepted by the Commission.

VII. CERTIFICATION

32. Pursuant to 18 C.F.R. § 385.602(g)(1), the Settlement is certified for the consideration of the Commission. The following documents are certified to the Commission as part of this record:

(a) Stipulation and Agreement of Settlement (“Settlement”) filed on October 30, 2017 by Great Lakes.

(b) Comments of _____ filed on _____.

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(c) All pleadings, orders, and other documents of record in this proceeding.

H. Peter Young
Settlement Judge