

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

**Great Lakes Gas Transmission
Limited Partnership**

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Docket No. RP25-855-000

**MOTION TO INTERVENE, PROTEST, AND
REQUEST FOR SUSPENSION AND EVIDENTIARY HEARING PROCEEDINGS
OF PROCESS GAS CONSUMERS GROUP AND
INDUSTRIAL ENERGY CONSUMERS OF AMERICA**

On April 30, 2025, Great Lakes Gas Transmission Limited Partnership (“Great Lakes”) filed revised tariff records to its FERC Gas Tariff to effectuate changes in the rates applicable to Great Lakes’ transportation services pursuant to section 4 of the Natural Gas Act (“NGA”) and part 154 of the regulations of the Federal Energy Regulatory Commission (“FERC” or “Commission”).¹ Pursuant to Rules 211, 212 and 214 of the Commission’s Rules of Practice and Procedure,² and the Commission’s Combined Notice of Filings,³ Process Gas Consumers Group (“PGC”) and the Industrial Energy Consumers of America (“IECA”) hereby submit this motion to intervene and protest in the above-captioned proceeding. In support of this motion, PGC and IECA state as follows:

I. COMMUNICATIONS

All correspondence, communications, pleadings, and other documents relating to this proceeding should be served upon the following:

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¹ Transmittal Letter at 1.

² 18 C.F.R. §§ 385.211, 385.212, 385.214 (2024).

³ See Combined Notice of Filings (April 30, 2025).

II. BACKGROUND

Great Lakes' current rates were established pursuant to the Stipulation and Agreement dated October 30, 2017, in Docket No. RP17-598-000, et al. ("RP17-598 Settlement")⁴, as amended ("Amended Settlement").⁵ Great Lakes states it is submitting this filing in accordance with Article V.B of the Amended Settlement, which required Great Lakes to submit a general NGA section 4 rate case no later than April 30, 2025, with rates to become effective no later than November 1, 2025.⁶

Among other rate changes, Great Lakes proposes to increase firm transportation reservation rates for service within the Western Zone from \$2.745 to \$3.854 (a 40% increase), for service from the Western Zone to the Central Zone from \$4.586 to \$7.372 (a 60.7% increase), and for service from the Western Zone to the Eastern Zone from \$8.186 to \$9.122 (a 11.43% increase).⁷ Great Lakes attributes the proposed rate increases to "the substantial increase in Great Lakes' rate base, much of which is the result of historical maintenance and non-growth capital expenditures Great Lakes has made" and "significantly higher business risk that Great Lakes now faces."⁸

Underlying the proposed rates are a cost of service of \$291,606,359 and rate base of \$762,401,149, which are \$105 million and \$251 million more than the cost of service and rate base, respectively, that Great Lakes proposed in Docket No. RP17-598-000.⁹ The proposed rates

⁴ Transmittal at 1 (citing *Great Lakes Gas Transmission L.P.*, 162 FERC ¶ 61,152 (2018)) (approving RP17-598 Settlement)).

⁵ *Id.* (citing *Great Lakes Gas Transmission L.P.*, 179 FERC ¶ 61,065 (2022) (approving Amended Settlement)).

⁶ *Id.*

⁷ See Marked Tariff.

⁸ Transmittal at 6.

⁹ *Id.*

are also based on a throughput of 849,746,173 Dekatherms per year (“Dth/year”), which is 386,075,571 Dth/year more than the throughput proposed in Docket No. RP17-598-000.¹⁰ In addition, the proposed rates reflect a change to Great Lakes’ current rate design from a zone-of-delivery method to a zones-traversed method.¹¹

Along with the system-wide rate increase, Great Lakes proposes a Reliability and Compliance Surcharge (“RACS”) to recover \$834 million over six years for system reliability, third-party compliance, and safety and integrity modernization projects.¹² Great Lakes argues that the RACS meets the five standards set forth in the Commission’s *Policy Statement on Cost Recovery Mechanisms for Modernization of Natural Gas Facilities* in Docket No. PL15-1-000 (“PL15-1 Policy Statement”).¹³

Great Lakes also proposes to modify Part 6.16 of its General Terms and Conditions (“GT&C”) to shorten the following Right of First Refusal (“ROFR”) timelines to 15 days for: (1) the 30-day period a shipper must notify Great Lakes of its decision to exercise its ROFR; (2) the 30-day ROFR open season notice period; (3) the 30-day period that shippers have to match the Best Bid for Matching Purposes; (4) the 20-day period to renew service in the event there are no value bids; and (5) the 30-day period that a shipper has until its ROFR expires.¹⁴

¹⁰ *Id.*

¹¹ *Id.* at 9.

¹² *Id.* at 11-12.

¹³ *Id.* at 11 (citing *Cost Recovery Mechanisms for Modernization of Natural Gas Facilities*, 151 FERC ¶ 61,047 (2015) (“Modernization Policy Statement”), *clarification denied*, 152 FERC ¶ 61,046 (2015)).

¹⁴ *Id.* at 12.

III. MOTION TO INTERVENE

PGC is a trade association that represents energy-intensive large industrial and manufacturing natural gas consumers who are typically longstanding, significant employers within their respective communities. PGC members own and operate hundreds of manufacturing plants and facilities in virtually every state in the nation and consume natural gas delivered through interstate natural gas pipeline systems throughout the United States. PGC members hold transportation capacity on Great Lakes.

IECA is a nonpartisan association of leading manufacturing companies with \$1.3 trillion in annual sales, over 12,000 facilities nationwide, and with more than 1.9 million employees. One hundred percent of IECA members are manufacturing companies whose competitiveness is largely determined by the cost and reliability of natural gas and electricity. IECA's sole mission is to reduce and avoid energy costs and increase energy reliability through advocacy in Congress and regulatory agencies, such as the Commission. IECA membership represents a diverse set of industries including chemicals, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, consumer goods, building products, automotive, independent oil refining, and cement. IECA members are shippers on Great Lakes.

As customers that transport gas over Great Lakes, PGC and IECA members have a direct and substantial interest in this proceeding. PGC and IECA's intervention is in the public interest, and the associations cannot be adequately represented by any other party in this proceeding. Thus, granting this motion would be in the public interest. PGC and IECA request that this intervention be granted with all rights associated with that status.

IV. PROTEST

A. Great Lakes Has Not Demonstrated that its Proposed Reliability and Compliance Surcharge is Just and Reasonable and Satisfies the Commission’s Policy Statement in Docket No. PL15-1-000.

Discovery and hearing are required to determine whether Great Lakes has demonstrated that its proposed RACS satisfies the standards set forth in the Commission’s PL15-1 Policy Statement. The PL15-1 Policy Statement permits the use of a tracker mechanism in “*limited circumstances*”¹⁵ as defined by five standards: (1) Review of Existing Base Rates; (2) Defined Eligible Costs; (3) Avoidance of Cost Shifting; (4) Periodic Review of the Surcharge and Base Rates; and (5) Shipper Support.¹⁶ The Commission established these standards to “ensure that consumers are protected against potential effects of any modernization cost trackers or surcharges,”¹⁷ including “cost shifts and other potential pitfalls commonly associated with trackers.”¹⁸ Indeed, the Commission generally “disfavor[s]” tracker mechanisms because cost shifting could occur “without consideration of any offsetting items that would generally be considered in a section 4 rate proceeding, and which the pipeline would normally need to justify to recover.”¹⁹

First, Great Lakes has not met the Commission’s requirement to demonstrate its proposed base rates are just and reasonable.²⁰ The Commission states it “is necessary to ensure that the overall rate produced by the addition of the surcharge to the base rate is just and reasonable and does not

¹⁵ PL15-Policy Statement, 151 FERC ¶ 61,047 at P 39 (emphasis added).

¹⁶ *Id.* P 2.

¹⁷ *Id.* P 31.

¹⁸ *Id.* P 39.

¹⁹ *Id.* P 79 (citation omitted).

²⁰ PL15-1 Policy Statement, 151 FERC ¶ 61,047 at P 45.

reflect any cost over-recoveries that may have been occurring under the preexisting base rates.”²¹ However, as discussed in more detail below, there are material issues of fact regarding whether Great Lakes’ proposed rates are just and reasonable.

Second, Great Lakes’ \$834 million surcharge may include costs that are not “Eligible Costs” as defined by the PL15-1 Policy Statement, that is, those that are not “one-time capital costs incurred to modify or replace existing facilities on the pipeline’s system to comply with safety or environmental regulations” or “other one-time capital costs shown to be necessary for the safe or efficient operation of the pipeline.”²² The Commission permits these types of costs to be included in a tracker to serve the PL15-1 Policy Statement’s intended purpose of “address[ing] imminent and foreseeable developments related to the safety and reliability of the natural gas interstate pipeline system.”²³ Capital costs that a pipeline incurs as part of its “ordinary, recurring system maintenance requirements” do not meet the PL15-1 Policy Statement’s intended purpose and are not “Eligible Costs.”²⁴

Great Lakes’ proposed RACS may include costs that are not “Eligible Costs” in part because it is doubtful that certain costs will be required by regulation. Witness Parks states Great Lakes’ modernization program includes projects to ensure compliance with the Good Neighbor Plan. Although Witness Parks acknowledges the Supreme Court granted a nationwide stay of the Good Neighbor Plan, Witness Parks states the stay “grants a pause of the rule but does not overturn the regulation.”²⁵ However, the Good Neighbor Plan is unlikely to remain in its current form. On

²¹ *Id.* P 51.

²² *Id.* P 63.

²³ *Id.* P 42.

²⁴ *Id.* P 63.

²⁵ Exhibit No. GL-0022, 6: 1-11.

May 2, 2025, the D.C. Circuit issued an order holding the Good Neighbor Plan litigation in abeyance²⁶ in response to the U.S. Environmental Protection Agency’s March 10, 2025 motion stating it “has identified specific issues with the Rule that make reconsideration appropriate, including issues raised by Petitioners in [the] litigation” and “intends to diligently and timely undertake this reconsideration and to complete any *new rulemaking* by Fall 2026.”²⁷

In addition, the proposed Eligible Facilities Plan is subject to unilateral change by Great Lakes.²⁸ Put differently, there is not sufficient information to ensure facilities listed in the Eligible Facilities Plan are in fact “Eligible Costs.” Witness Parks testifies that Great Lakes retains the discretion to add additional projects and controls the timing of such projects.²⁹ Thus, the RACS may run counter to the Commission’s goals of ensuring participants have the necessary information to “allow for a more transparent and upfront determination of the project costs that are eligible for recovery through the tracker” and “help ensure that normal capital or other expenditures to maintain the pipeline’s system in the ordinary course of business are not eligible for recovery through a surcharge mechanism.”³⁰

Third, Great Lakes’ proposal for a transmission billing determinant floor³¹ may not address the PL15-1 Policy Statement’s concern regarding avoidance of cost shifting.

²⁶ *State of Utah v. EPA*, No. 23-1157 (May 2, 2025).

²⁷ Environmental Protection Agency, Motion to remand case, No. 23-1157, at 1 (Mar. 10, 2025) (emphasis added).

²⁸ Transmittal at 11.

²⁹ Exhibit No. GL-0022, 14: 15-23.

³⁰ PL15-1 Policy Statement, 151 FERC ¶ 61,047 at P 70.

³¹ Exhibit No. GL-0001, 30; 18-24.

Fourth, the RACS may not satisfy the standard for including a method for “a periodic review of whether the surcharge and the pipeline’s base rates remain just and reasonable.”³²

Fifth, Great Lakes has not demonstrated it has “work[ed] collaboratively with shippers and other interested parties to seek support for any such proposal” as required by the PL15-1 Policy Statement.³³ There is no indication that Great Lakes sought “resolution of as many issues as possible” or provided “customers and interested parties an opportunity to comment on draft tariff language setting forth [Great Lakes’] proposed modernization cost recovery mechanism.”³⁴

B. Great Lakes Has Not Demonstrated its Proposed Tariff Changes are Just and Reasonable.

PGC and IECA submit that there are numerous material issues of fact arising from Great Lakes’ filing that warrant full investigation in an evidentiary hearing, including, but not limited to, the following:

Return on Equity – Great Lakes’ proposed 14.54% ROE may be unjust and unreasonable as it far exceeds the last litigated ROE of 11.25%.³⁵ In addition, earlier this year, Commission Trial Staff filed testimony calculating a median ROE of 10.6%.³⁶

³² PL15-1 Policy Statement, 151 FERC ¶ 61,047 at P 87.

³³ *Id.* P 93.

³⁴ *Id.*

³⁵ *Panhandle E. Pipe Line Co., LP*, Order No. 885, 181 FERC ¶ 61,211, at P 110 (2022), *order on reh’g*, Opinion No. 885-A, 184 FERC ¶ 61,181 (2023) (“*Panhandle*”).

³⁶ See Direct Testimony of Michael O’Connor, Vector Pipeline L.P., Docket No. RP24-971-000, Exhibit S-0059, at 42:14 (March 18, 2025). The proxy group members included DT Midstream, Inc. (“DTM”), Enbridge Inc., Energy Transfer LP, Kinder Morgan Inc., and Williams Companies. Great Lakes’ core proxy group includes Enbridge, Inc., Energy Transfer LP, Kinder Morgan Inc., National Guel Gas Company, and Williams Companies. See Exhibit No. GL-0004, 4:1.

Capital Structure – Great Lakes proposes to use a capital structure of 34.92% debt and 65.08% equity, which the pipeline states is its actual capital structure.³⁷ The Commission applies the following three-prong test to determine if it will use a pipeline’s own capital structure for ratemaking purposes: (1) the company must issue its own debt that is not guaranteed by its parent company; (2) the company must have its own credit rating; and (3) the company equity ratio must not be excessive relative to members of the proxy group and to other recent Commission-approved capital structures.³⁸

Great Lakes has not shown it meets the Commission’s third prong requiring Great Lakes to demonstrate its 65.08% equity ratio is not excessive relative to members of the proxy group or other recent Commission-approved capital structures. Great Lakes’ witness states, “Great Lakes’ end-of-Test Period equity ratio will be 65.08 percent and thus will be in line with capital structures previously approved by the Commission” but provides no support for that claim.³⁹ Moreover, Great Lakes’ equity ratio is excessive relative to the Commission’s most recently approved equity ratio of 62.94% in *Panhandle*.⁴⁰

Depreciation – Great Lakes proposes increases in depreciation and negative salvage rates for transmission plant over its current approved rates, from 1.27% to 1.84% and 0.15% to 0.47%, respectively. Great Lakes also establishes a decommissioning rate of 0.80% for transmission plant.⁴¹ The proposed depreciation, negative salvage, and decommissioning rates raise material issues of fact.

³⁷ Transmittal at 8.

³⁸ *Transcontinental Gas Pipe Line Corp.*, Opinion No. 414, 80 FERC ¶ 61,157, at 61,667 (1997), *as modified on reh’g*, Opinion No. 414-A, 84 FERC ¶ 61,084, at 61,415 (1998).

³⁹ Exhibit No. GL-0048, 11:4-6.

⁴⁰ *Panhandle*, 181 FERC ¶ 61,211 at PP 91, 97-100.

⁴¹ RP17-598 Settlement, at Art. VII; Transmittal at 8.

Discount and Discount-Type Adjustment – Great Lakes’ proposed rates reflect a discount adjustment for service provided at discounted rates, as well as a discount-type adjustment for service provided at negotiated rates.⁴² The Commission requires that at a minimum a pipeline seeking discount and discount-type adjustments must “identify all of its long-term discounts and provide some explanation for the basis of its discount in order to meet its initial burden”⁴³ to demonstrate that its discounts were warranted by competition. Evidentiary proceedings are necessary to determine if Great Lakes has met this burden.

Rate Design – As in its prior general NGA section 4 rate case in Docket No. RP17-598-000,⁴⁴ Great Lakes proposes to change its rate methodology from a zone-of-delivery method to a zone-traversed method. Great Lakes repeats that “the existing zone-of-delivery rate design, in combination with the matrix of rates, effectively prevents Great Lakes from recovering its cost-of-service and earning its authorized ROE, and thus no longer produces just and reasonable results.”⁴⁵ The basis and impact of the proposed rate design change must be fully evaluated in discovery and at hearing.

ROFR Timeline Changes – Great Lakes proposes to shorten a number of ROFR deadlines to fifteen (15) days, including the timeline for providing notice if the pipeline wishes to exercise its ROFR and the timeline for matching the Best Bid for Matching Purposes. As an initial matter, Great Lakes’ proposed tariff language creates inconsistencies. GT&C Section 6.16.1(a) states, “Within thirty (30) days of Transporter’s notification, Shipper shall provide to Transporter: (1) a

⁴² Exhibit No. GL-0040, 5:3.

⁴³ Transmittal at 8.

⁴⁴ Great Lakes Gas Transmission Limited Partnership, General Section 4 Rate Case Filing, Docket No. RP17-598-000, at Transmittal, 8 (Mar. 31, 2017) (Accession No. 20170331-5130).

⁴⁵ *Id.*; Transmittal at 9.

written response stating that Shipper wishes to exercise its right of first refusal; or (2) a written response stating that Shipper does not wish to exercise its right of first refusal.”⁴⁶ However, GT&C Section 6.16.1(b) states, “Shipper’s failure to provide within fifteen (15) days of Transporter’s notification the written response required by Section 6.16(a) shall constitute an irrevocable waiver of Shipper’s right of first refusal.”⁴⁷

In addition, Great Lakes has not demonstrated that the shortened timelines are reasonable. Great Lakes claims that the proposed changes are “necessary due to changing market conditions and increased demand for capacity in the Midwest and Great Lakes region” and “Shippers will benefit from Great Lakes’ proposal because capacity that is in demand on Great Lakes will be made available sooner and awarded in a timelier manner to shippers that value it most.”⁴⁸ Evidentiary proceedings are needed to determine if the proposed changes strike an appropriate balance between the desire for shortened timelines and providing existing customers sufficient time to make decisions.

V. REQUEST FOR EVIDENTIARY HEARING AND MAXIMUM RATE SUSPENSION

PGC and IECA request that the Commission find that the proposed rates and tariff records have not been shown to be just and reasonable and that they may be unjust, unreasonable, and unduly discriminatory or otherwise unlawful. Based on this finding, the Commission should

⁴⁶ Clean Tariff, GT&C § 6.16.1(a).

⁴⁷ *Id.* § 6.16.1(b).

⁴⁸ Exhibit No. GL-0052, 11:8-13.

suspend the effectiveness of the proposed rates and tariff records for the full five-month maximum period permitted by the NGA.

VI. CONCLUSION

For these reasons, PGC and IECA request that the Commission suspend the proposed rate and tariff provisions for the maximum suspension period, subject to refund and the outcome of evidentiary proceedings.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused a copy of the foregoing document to be served upon each person designated on the Service List for this docket compiled by the Secretary in accordance with the Commission's Rules of Practice and Procedure.

Dated at Washington, DC, this 12th day of May 2025.

/s/ Andrea J. Chambers
Andrea J. Chambers