

intervene. Copies of this filing are on file with the Commission and are available for public inspection in the Public Reference Room.

Lois D. Cashell,
Secretary.

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[Docket No. RP97-8-000]

**Granite State Gas Transmission, Inc.;
Notice of Proposed Changes in FERC
Gas Tariff**

October 3, 1996.

Take notice that on October 1, 1996, Granite State Gas Transmission, Inc. (Granite State) tendered for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, revised tariff sheets containing changes to its Base Tariff Rates for transportation services, proposed to become effective on November 1, 1996 as follows:

Eighth Revised Sheet No. 21

Ninth Revised Sheet No. 22

Eighth Revised Sheet No. 23

Granite State indicates that the primary purpose of the rate changes in the instant filing is to recover the additional costs Granite State will incur that are attributable to an agreement with Portland Pipe Line Corporation to extend a lease pursuant to which Granite State operates a pipeline owned by Portland Pipe Line. The leased line is an 18-inch pipeline, formerly a crude oil pipeline owned by Portland Pipe Line, which Granite State leased and converted to natural gas service and began operating as an integral component of its system in November 1987. The leased line connects Granite State's system to Canadian gas supplies that are delivered at the border to Granite affiliated distribution customers, Bay State Gas Company and Northern Utilities, Inc.

Granite State states that the lease was scheduled to expire on March 31, 1997, and on March 5, 1996, Portland Pipe Line and Granite State executed an agreement to extend the lease to April 30, 1998. The leased pipeline is operated by Granite State pursuant to an limited-term certificate issued by the Commission. On September 11, 1996, the Commission extended the limited term certificate to operate the leased pipeline until April 30, 1998, consistent with the duration of the lease extension agreement. (Docket No. CP87-39-004)

Granite State's filing indicates that the cost of service submitted is based on a test year comprised of the 12 months of actual operating experience ended July 31, 1996, adjusted for known and

measurable changes occurring within 9 months thereafter. The proposed annual increase in revenues is \$3.7 million. In addition to reflecting the recovery of costs attributable to the lease extension, the cost of service includes increased costs for operating and maintenance, ad valorem taxes, costs for complying with the requirements of the Gas Industry Standards Board, and for minor plant additions. The filing proposes an overall return of 10.69% on rate base, which includes an implicit return of 13.50% on equity. The revised Base Tariff Rates are derived by applying the Straight Fixed Variable method of cost allocation and rate design to the proposed cost of service.

Granite State further states that the Portland Pipe Line operates a 24-inch crude oil pipeline which parallels the 18-inch line leased to Granite State. During the term of the lease, Portland Pipe Line expects to increase the throughput of oil in the 24-inch line. Electric power costs for operating the pumps on the 24-inch line will increase with the increase in throughput. Granite State has agreed to reimburse Portland Pipe Line for the increased power costs. These costs are extremely variable and depend upon monthly throughput in the 24-inch pipeline. In this filing, Granite State is proposing to add a cost adjustment procedure in the General Terms and Conditions of its tariff to provide a cost recovery mechanism for the electric power costs paid to Portland Pipe Line. Pro Forma tariff sheets with this proposal are included in this filing.

According to Granite State, the revised rates in this filing are applicable principally to the firm transportation services which Granite State renders to Bay State Gas Company and Northern Utilities, Inc. Granite State also serves interruptible transportation customers.

Granite State indicates that it has service a complete copy of this filing by first class mail, postage prepaid, on all of Granite State's customers and on the regulatory commissions of the States of Maine, Massachusetts and New Hampshire.

Any person desiring to be heard or to protest said filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C., 20426, in accordance with Sections 385.211 and 385.214 of the Commission's Rules and Regulations. All such motions or protests must be filed as provided in Section 154.210 of the Commission Regulations. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding.

Any person wishing to become a party must file a motion to intervene. Copies of this filing are on file with the Commission and are available for public inspection in the Public Reference Room.

Lois D. Cashell,

Secretary.

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[Docket No. RP97-000]

**Koch Gateway Pipeline Company;
Notice of Proposed Changes in FERC
Gas Tariff**

October 3, 1996.

Take notice that on October 1, 1996, Koch Gateway Pipeline Company (Koch) tendered for filing as part of its FERC Gas Tariff, Fifth Revised Volume No. 1, the following tariff sheets, to become effective November 1, 1996:

Fourteenth Revised Sheet No. 20

Thirteenth Revised Sheet No. 21

Fourteenth Revised Sheet No. 22

Fourteenth Revised Sheet No. 24

Koch states that the above referenced tariff sheets are being submitted pursuant to Section 32.3(d)(ii) of its tariff to reflect the annual recalculation of its Account No. 858 surcharge. The revised rate has been adjusted downward to reflect actual revenue received from October 1, 1995 to August 31, 1996.

Koch Gateway also states that the revised tariff sheets are being served upon all its customers, State Commissions and other interested parties.

Any person desiring to be heard or to protest this filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Sections 385.214 and 385.211 of the Commission's rules and regulations. All such motions or protests must be filed as provided by Section 154.210 of the Commission's Regulations. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a part must file a motion to intervene. Copies of this filing are on file with the Commission and are available for public inspection in the Public Reference Room.

Lois D. Cashell,

Secretary.

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