

LNG facilities pursuant to the provisions of the Agreement and Contract, and that the PUCs supported Granite State's application in Docket No. CP96-610-000.

Granite State further states that prior to the issuance of the certificate, Northern Utilities surveyed potential alternate suppliers for sources of peaking gas deliveries and the proposals it received were less advantageous than the Granite State LNG peaking service on the basis of cost, supply security, contract flexibility and supplier viability. Granite State says that after it accepted the certificate, Northern Utilities conducted another survey for potential alternate suppliers of peaking gas service. According to Granite State, Northern Utilities had made commitments to the state regulatory commissions that it would undertake further solicitations from alternate peaking suppliers after the certificate was issued.

Granite State says that Northern Utilities' post-certificate solicitations for peaking service from other potential suppliers and sources resulted in proposals for pipeline deliveries by marketers having capacity on the joint pipeline facilities owned and operated by Portland Natural Gas Transmission Systems (PNGTS) and Maritimes & Northeast Pipeline LLC (Maritimes) which, on a cost basis, were more advantageous than the projected cost of the Granite State LNG service. Granite State also says that Northern Utilities negotiated two contracts with Distrigas of Massachusetts Corporation (DOMAC) for supplemental LNG, delivered either in the form of vapor or by tanker truck to Northern Utilities' markets. According to Granite State, Northern Utilities concluded that the combination of the post-certificate proposals for pipeline deliveries of peak shaving supplies and the supplemental LNG supplied by the two DOMAC contracts would provide an alternative to the granite State LNG storage and vaporization service that would better meet Northern Utilities' cost and non-cost requirements for peaking services.

Granite State requests the Commission in this Petition to confirm that Granite State may charge Northern Utilities an exit fee for releasing Northern Utilities from the Contract. This fee will recover the costs of land purchases, facilities engineering, environmental engineering, non-engineering consulting, legal representation, allowance for funds used during construction (AFUDC) and the Commission's outside environmental contractors totaling

\$11,589,138 which will be amortized over a 10-year period with carrying costs. These costs are estimated through May 31, 1999. The exit fee will be based on actual costs.

Granite State asserts that the alternatives to peak shaving service provided by the Granite State LNG facility were so much more advantageous to Northern Utilities' customers that Northern Utilities requested to be released from its obligation to execute the Contract, acknowledging that the Contract obligated that Northern Utilities to reimburse Granite State for the costs it incurred with respect to the Wells LNG project and in obtaining the various regulatory approvals, including the Certificate.

Granite State further says that Northern Utilities has advised Granite State that the cost savings accruing to its customers from the alternate peak shaving supplies and contracts for supplemental LNG will amount to approximately \$17-18 million over a ten-year period on a net present value basis, after reimbursing Granite State for \$11.6 million over the same period.

Granite State says that NO TANKS, INC. (NO TANKS), a citizens group opposed to the location of the LNG facility in Wells, has petitioned the U.S. Circuit Court for the D.C. Circuit to review the Commission's order issuing the Certificate. Granite State and NO TANKS have agreed to a settlement, contingent upon Commission approval of Granite State's Petition. Granite State further says that in the settlement, NO TANKS agrees to support Granite State's Petition request and also to withdraw its appeal, and granite State agrees to forego the project in its entirety if the Commission acts favorably on this Petition by June 1, 1999.

Any person desiring to be heard or to make any protest with reference to said Petition should on or before April 2, 1999, file with the Federal Energy Regulatory Commission, Washington, D.C. 20426, a motion to intervene or a protest in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 385.211 or 385.214) and the regulations under the Natural Gas Act (18 CFR 157.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Any person wishing to become a party in any proceeding herein must file a

motion to intervene in accordance with the Commission's rules.

Linwood A. Watson, Jr.,

Acting Secretary.

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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. RP99-82-002]

KO Transmission Company; Notice of Tariff Filing

March 12, 1999.

Take notice that on March 8, 1999, KO Transmission Company (KO Transmission) tendered for filing as part of its FERC Gas Tariff, Original Volume No. 1 the following tariff sheets:

Substitute Second Revised Sheet No. 92
Substitute Second Revised Sheet No. 93
Substitute Second Revised Sheet No. 94
Substitute Second Revised Sheet No. 96
Substitute Third Revised Sheet No. 147

KO Transmission tenders this tariff filing in compliance with the Commission's January 26, 1999 Letter Order in the above-captioned proceeding. Therein the Commission accepted the above tariff sheets subject to modification and re-pagination.

KO Transmission states that copies of this filing were served to all of its customers.

Any person desiring to protest this filing should file a protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Section 385.211 of the Commission's Rules and Regulations. All such protests must be filed as provided in 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 proceedings. Copies of this filing are on file with the Commission and are available for public inspection in the Public Reference Room. This filing may be viewed on the web at <http://www.ferc.fed.us/online/rims.htm> (call 202-208-2222 for assistance).

Linwood A. Watson, Jr.,

Acting Secretary.

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