

132 FERC ¶ 61,177
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

August 27, 2010

In Reply Refer To:
Blue Lake Storage Company
Docket No. RP10-1024-000

Blue Lake Storage Company
717 Texas Street, Suite 2400
Houston, TX 77002-2761

Attention: John Roscher
Director, Rates & Tariffs

Reference: Tariff Revisions

Dear Mr. Roscher:

1. On July 30, 2010, Blue Lake Storage Company (Blue Lake) filed tariff revisions to enable the operational purchase and sale of gas, to add language explaining when Blue Lake may reject firm storage bids, and to make changes to the right of first refusal (ROFR) provision for firm storage customers.¹ The Commission accepts Blue Lake's proposal for operational purchase and sale of gas subject to conditions. The Commission accepts the remaining filed tariff sections to be effective August 30, 2010.

2. Blue Lake states it proposes to add, section 6.19, "Operational Purchases & Sales of Gas,"² which permits Blue Lake to purchase gas from or sell gas to a third party for operational needs associated with maintaining the operational integrity of the system as well as managing system imbalances. Blue Lake also contends that the revised FERC Form No. 2-A and Supplemental FERC Form No. 3-Q provide a level of transparency akin to the annual reports that the Commission has previously required regarding such operational purchases and sales. Accordingly, Blue Lake asserts that it is no longer necessary to file a separate annual report regarding operational purchases and sales as the Commission has required in the past.

¹ See Appendix A.

² GT&C, Operational Purchases & Sales of Gas, 0.0.0 to Blue Lake Tariffs, FERC Gas Tariff, Second Revised Volume No. 1.

3. Blue Lake proposes to revise section 6.10.1³ to provide that Blue Lake will operate an open season for ROFR capacity at least 45 days prior to the expiration of the contract with a minimum bid period of five business days. Blue Lake also states that its tariff changes permit contractual ROFR provisions for customers with discounted or negotiated rate contracts.
4. Blue Lake also proposes to revise section 6.10.1 to state that Blue Lake may reject bids that may have a detrimental impact on operational integrity of the Blue Lake system, do not satisfy all terms of a specified posting, contain terms and conditions other than those in Blue Lake's Tariff, or that contain discretionary terms and conditions set forth in Blue Lake's FERC Gas Tariff which Blue Lake has determined are not agreeable.
5. Public Notice of Blue Lake's filing was issued on August 2, 2010. Interventions and protests were due as provided in section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210 (2010). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2010), all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt this proceeding or place additional burdens on existing parties. No adverse comments or protests were filed.
6. The Commission accepts Blue Lake's proposed tariff sections relating to ROFR provisions and the bid evaluation process.
7. The Commission accepts Blue Lake's proposed tariff section relating to operational purchases and sales subject to the conditions discussed herein. Commission policy requires that all operational sales of gas be subject to bidding.⁴ Blue Lake's proposal states that it will post notice of intent to sell, but it does not include any reference to a bidding process for the sales of gas.⁵ In order to comply with Commission policy, Blue Lake must modify its proposal to clarify that all sales of gas for operational purposes will be subject to bidding.

³ GT&C, Firm Storage, 1.0.0 to Blue Lake Tariffs, FERC Gas Tariff, Second Revised Volume No. 1.

⁴ *Wyoming Interstate Gas, Ltd.*, 107 FERC ¶ 61,315, at P 9 (2004), *order on reh'g and compliance*, 111 FERC ¶ 61,215 (2005); *Dominion Transmission, Inc.*, 106 FERC ¶ 61,029, at 61,102 (2004).

⁵ Proposed section 6.19, "Operational Purchases & Sales of Gas," states, "Seller may from time to time purchase or sell gas on an interruptible basis as necessary to manage system pressure and maintain system integrity. Prior to purchasing or selling gas pursuant to this section, Seller shall post notice of its intent to purchase or sell gas through its Internet Site. Purchase or sale of gas shall be made on a nondiscriminatory basis. Parties that purchase gas from the pipeline shall be responsible for separately arranging any necessary transportation."

8. Furthermore, consistent with Commission policy, Blue Lake must also include a tariff provision for an annual report describing the operational purchases and sales of gas. The FERC Form No. 2-A and Supplemental FERC Form No. 3-Q do not provide adequate transparency for the Commission and shippers to examine Blue Lake's purchase and sale transactions. For example, FERC Form No.2-A and FERC Form No. 3-Q aggregate monthly data and, thus, do not include data for each operational purchase and sale. As described in *Northern Border Pipeline Company*, the annual reports must provide the source of the operational gas purchased or sold, the date of such sale or purchase, the volume, the purchase or sale price, the costs and revenues from such purchase or sale, the disposition of the associated costs and revenues, and an explanation of the purpose of any operational transaction.⁶

9. Blue Lake is directed to file a revised tariff section consistent with this order within 30 days.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁶ *Northern Border Pipeline Company*, 128 FERC ¶ 61,230, at P 7 (2009).

Appendix

**Blue Lake Storage Company
FERC Gas Tariff
Second Revised Volume No. 1**

**Tariff Sections Accepted
Effective August 30, 2010**

TABLE OF CONTENTS, Table of Contents, 1.0.0
GT&C, Definitions, 1.0.0
GT&C, Firm Storage, 1.0.0
Form of Service Agreement, Rate Schedule FS, 1.0.0

**Blue Lake Storage Company
FERC Gas Tariff
Second Revised Volume No. 1**

**Tariff Section Accepted, Subject to Conditions
Effective August 30, 2010**

GT&C, Operational Purchases & Sales of Gas, 0.0.0