UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
Nora Mead Brownell, Joseph T. Kelliher,
and Suedeen G. Kelly.

Questar Pipeline Company Docket No. RP05-104-000

ORDER ACCEPTING AND SUSPENDING TARIFF SHEETS
SUBJECT TO REFUND AND CONDITIONS

(Issued December 30, 2004)

1. On November 30, 2004, Questar Pipeline Company (Questar) filed tariff sheets[1] to implement its annual Fuel Gas Reimbursement Percentage (FGRP) adjustment for 2005. Questar proposes a 2.6 percent FGRP which would include 0.6 percent for under-recoveries from 2004 and 2.0 percent for shrinkage, lost and unaccountable (L&U) gas, and fuel costs. Questar states that the 2.0 perspective recovery component has increased by 0.2 percent from its 2004 FGRP. Questar states this increase is due to a 0.1 percent increase in L&U gas and 0.1 percent increase in fuel costs. In this order we accept Questar's filing, suspend it for a nominal period to become effective January 1, 2005, subject to refund and the outcome of the proceedings in Docket No. RP04-91-000. This order benefits customers by ensuring an allocation of costs consistent with prior orders.

I. Background

2. In a November 26, 2004 Order in Questar's FGRP 2004 adjustment proceeding in Docket No. RP04-91-000[2] the Commission directed Questar to account for the liquids revenues it has received from the Kastler Plant, credit those past revenues to transmission customers and make a compliance filing. Questar was also directed to credit any future liquids revenues from the Kastler Plant to transmission customers. The order also

[1] Thirty-Fourth Revised Sheet No. 5 to FERC Gas Tariff, First Revised volume No. 1, and Fortieth Revised Sheet No. 8 to FERC Gas Tariff, Original Volume No. 3.

[2] *Questar Pipeline Co.*, 109 FERC ¶ 61,226 (2004).

required Questar in all future fuel filings, to demonstrate that transportation customers benefited from the Kastler Plant during that year in order to allocate FGRP costs to transmission customers.

3. In this filing Questar states that it is in the process of preparing the compliance filing due on December 27, 2004, as well as a request for rehearing. In response to the Commission's November 26 Order, Questar states the fuel costs at the Kastler plant are appropriately attributable to transmission customers since the Kastler plant has been used to process transmission gas or support the transmission system in a variety of ways.

II. Notice, Interventions and Protests

4. Public notice of the filing was issued on December 7, 2004, with interventions and protests due as provided in section 154.210 of the Commission's regulations.[3] Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,[4] all timely filed motions to intervene and any motions to intervene out of time filed before the issuance date of this order are granted.

5. Indicated Shippers[5] filed a protest requesting that the Commission suspend Questar's proposed fuel charge, subject to the outcome of last year's Docket No. RP04-91-000 proceeding, and fully review the costs Questar has incorporated into the proposed FGRP charges for the coming year. Conoco-Phillips Company (Conoco-Phillips) requests that the Commission stay the effective date of Questar's filing until after reviewing the compliance filing, since the outcome of the 2004 FGRP proceeding may significantly reduce the proposed FGRP charges for 2005.

6. Both Conoco Phillips and Dominion Exploration & Production, Inc. and Dominion Reserves – Utah, Inc. and Kerr- McGee, Nevada LLC, (Dominion) also argue that Questar may be misinterpreting the November 26 Order, and intends to reduce the liquids credits by the total plant costs of Kastler (including capital costs) rather than solely by the FGRP costs at Kastler.

7. Dominion also argues that Questar has not only failed to justify allocating Kastler Plant FGRP costs to transmission as was required in the November 26 Order, but may be improperly including as Kastler Plant fuel costs and shrinkage what are actually storage

---

[3] 18 C.F.R. 154.210 (2004).

[4] 18 C.F.R. 385.214 (2004).

[5] The Indicated Shippers are: Anadarko Energy Service Company; Anadarko Petroleum Company; BP Energy Company; BP America Production Company; and Chevron Texaco Natural Gas, a division of Chevron U.S.A. Inc.

facility (leakage) losses. Dominion asserts that Questar has not accounted for gas lost in Clay Basin Storage facility and opposes the L&U increase stating that Questar has not demonstrated the accuracy of its measurement systems. Dominion also argues that since Questar has added other new processing facilities to its system, in addition to the Kastler Plant, it should be required to credit those liquids revenues from those facilities to transmission customers as well. Dominion requests that the subject filing be suspended for the full statutory period and set for hearing.

III. Discussion

8. Questar is due to make a compliance filing on its 2004 fuel tracker filing by December 27, 2004, with requests for rehearing also due on that date. Since this compliance filing will affect the ultimate FGRP rate in the subject filing, we are accepting Questar's filing subject to refund and the outcome of last year's fuel tracker contained in Docket No. RP04-91-000. Since we are suspending Questar's proposed tariff sheets subject to refund and the outcome of the prior docket, it is not necessary to postpone the effective date of this filing as requested as the refund condition will make the customers whole.

9. Questar will be providing information on its accounting and crediting of liquid revenues from Kastler Plant at the end of December. Consequently, the Commission will be better able to address protesters' concerns over Questar's crediting of liquids revenues after Questar's compliance filing and the related requests for hearing and clarification have been received. Dominion's concerns regarding the accuracy of Questar's metering in accounting for L&U gas was an issue discussed in the November 26 Order. The issue of storage facility leakage is new. These issues may be related, and are better addressed after rehearing requests of the November 26 Order are received.

10. Based upon a review of the filing, the Commission finds that the proposed tariff sheets have not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, the Commission accepts the tariff sheets for filing and suspends their effectiveness to permit them to become effective January 1, 2005, subject to the conditions set forth in this order.

11. It is the Commission's policy generally to suspend rate filings for the maximum period permitted by statute if preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or that it may be inconsistent with other statutory standards. *See Great Lakes Gas Transmission Co*., 12 FERC ¶ 61,293 (1980) (five-month suspension). It is also recognized, however, that shorter suspensions may be warranted under circumstances in which suspension for the maximum period may lead to harsh and inequitable results. *See Valley Gas Transmission, Inc*., 12 FERC ¶ 61,197 (1980) (one-day suspension). Such circumstances are present here where the filing is pursuant to an

established tracking mechanism. We shall therefore accept Northwest's tariff filing, and suspend it, to become effective January 1, 2005, subject to refund and the outcome of the proceedings in Docket No. RP04-91-000.

The Commission orders:

Questar's proposed tariff sheets, referenced in footnote 1 of this order, are hereby accepted and suspended to become effective January 1, 2005, subject to refund and the outcome of the proceedings in Docket No. RP04-91-000.

By the Commission.

(S E A L)

Linda Mitry,
Deputy Secretary.