127 FERC ¶ 61,123
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 7, 2009

In Reply Refer To:
Bridger Pipeline LLC
Docket Nos. IS09-193-000
and IS09-194-000

Bridger Pipeline LLC
P.O. Box 2360
Casper, Wyoming 82602

Attention: H.A. True III, Member

Reference: Bridger Pipeline LLC's FERC Tariff Nos. 19 and 20

Ladies and Gentlemen:

1. On April 8, 2009, Bridger Pipeline LLC (Bridger) filed FERC Tariff Nos. 19 (Docket No. IS09-193-00) and 20 (IS09-194-000), a rules and regulations tariff and a rate tariff, respectively, applying to the pipeline transportation of crude petroleum from Fryburg Station, North Dakota, to Baker Station, Montana, at a rate of 70.00 cents per barrel (cpb). Both tariffs were filed with a proposed effective date of May 1, 2009, on 22 days' notice under the authority of 18 C.F.R. § 341.14 (2008). The tariff filings are made to implement a change in ownership, effective April 1, 2009, under the authority of 18 C.F.R. 341.6(c),[1] a complete adoption of Burlington Resources Hydrocarbons Inc.'s (Burlington) ten percent undivided joint interest in the common carrier pipeline known as the Little Missouri Pipeline (Little Missouri). On April 17, 2009, Bridger filed in Docket No. IS09-193-000 an amendment to the transmittal letter in order to clarify the justification of the proposed 70.00 cpb tariff rate. On April 23, 2009, Enserco Energy Inc. (Enserco) filed a motion to intervene, protest and motion to consolidate. The Commission denies Enserco's protest and accepts Bridger's FERC Tariff Nos. 19 and 20 for filing, effective May 1, 2009.

[1] 18 C.F.R. § 341.6(c) requires the filing of an adoption notice and adoption supplement(s) when a carrier is adopting the tariff(s) of another carrier. Bridger filed on April 6, 2009, under Docket No. IS09-192-000, FERC Tariff No. 18 (adoption notice) and Supplements No. 1 to FERC Tariff Nos. 3 and 7 (adoption supplements), to the tariffs that were on file by Burlington.

2. On April 1, 2009, Bridger also bought Eighty-Eight Oil LLC's (Eighty-Eight) thirty percent undivided joint interest in Little Missouri. Eighty-Eight does not have any tariffs on file for the Little Missouri because they were cancelled in October of 2006.[2] Bridger indicates as of December 2003 it has been the operator and owner of a sixty percent undivided joint interest in Little Missouri and with the purchase of Eighty-Eight's thirty percent interest and Burlington's ten percent interest Bridger now owns one hundred percent of the Little Missouri.

3. When Bridger became the owner of Burlington's ten percent undivided joint interest, Burlington had FERC Tariff Nos. 3 (rules and regulations) and 7 (rates) on file for transportation service on their portion of the Little Missouri. At the time of the purchase Bridger had FERC Tariff No. 8 (rules, regulations, and rates) on file for its ownership interest in the Little Missouri. Bridger's transportation rate was 84.24 cpb while Burlington's rate was 70.00 cpb for the exact same pipeline transportation service. Bridger's rules and regulations were also different from those of Burlington. Bridger states in order to simplify the provision of service on the Little Missouri and to avoid conflicts as a result of the adoption of Burlington's tariffs, Bridger proposed the filing of FERC Tariff Nos. 19 and 20. FERC Tariff Nos. 19 and 20 cancelled Bridger's FERC Tariff No. 8 and Burlington's FERC Tariff Nos. 3 and 7 which resulted in Bridger offering service on all of Little Missouri's capacity under one set of rules and regulations at one rate of 70.00 cpb. The tariff rate of 70.00 cpb is a decrease from Bridger's tariff rate of 82.24 cpb.

4. Enserco states it is a marketing company specializing in the optimization of energy assets in the western and mid-continent regions of the U.S. and Canada. Enserco also states its Crude Oil Services Group has been in the crude oil business since 2006 and purchases, aggregates and transports Rocky Mountain area crude oil lease production to area refineries or other markets, and Enserco is a past, current, and future shipper on the interstate, common carrier, pipeline system of Bridger. Enserco further states it has, through an agreement with ConocoPhillips, been able to move crude oil previously on Burlington's portion of the Little Missouri.

5. Enserco states it challenges the rates proposed in FERC Tariff No. 19, and in FERC Tariff No. 20 and opposes the application of Bridger's prorationing policies to the portions of the Little Missouri previously owned by Burlington and Eighty-Eight to which no prorationing procedures previously existed. Enserco also states Bridger has not provided any cost justification for the rate, and indeed

[2] Since Eighty-Eight did not have any tariffs on file Bridger did not have to adopt any tariffs with respect to Eighty-Eight's ownership interest.

the real cost of providing the new consolidated service may be substantially lower, particularly since the rate is from a rate that was only recently nearly doubled.[3] Given that Bridger's filing consolidates three separate ownership interests in the Little Missouri into one set of tariffs governing one consolidated service in which Eighty-Eight did not have any tariffs, Enserco suggests that Bridger's filing should be treated as a new service which is governed by Section 342.2(a) of the Commission's regulations. Accordingly, Enserco seeks to require Bridger to file cost, revenue, and throughput data supporting the proposed rate as required by Part 346 of the Commission's regulations. Finally, Enserco requests the Commission investigate the tariff filings here, and consolidate these proceedings with Docket Nos. IS09-92-000 and IS09-93-000, where Enserco has raised questions regarding Bridger's use of prorationing on its pipelines. Enserco requests the Commission suspend FERC Tariff No. 19 for seven months and FERC Tariff No. 20 for one day.

6. Bridger filed a response to the protest on April 28, 2009. Bridger contends the 70.00 cpb rate being proposed is not a new rate; it is the same rate that Burlington was charging for the same transportation service. Bridger also contends its rate of 84.42 cpb was established by a cost-of-service filing pursuant to 18 C.F.R. § 342.3(d)(5) which constitutes the ceiling level. Under the Commission's indexing rules, Bridger cites 18 C.F.R. § 342.3(a), "a rate charged by a carrier may be changed, at any time to a level which does not exceed" the established ceiling level. Bridger asserts that since the proposed rate of 70.00 cpb in FERC Tariff No. 20 is below the index ceiling, Bridger has fully complied with the Commission's regulations. Bridger concludes that a rate change under the indexing methodology is not required to have a cost-of-service justification.

7. Enserco claims that Bridger's filing should be treated as new service under 18 C.F.R. 342.2; however, Bridger responds that the filing is no more than an adoption of an existing rate for an existing transportation service. Bridger maintains that service on the Little Missouri is not new service, as Bridger has been providing the exact service for many years and Burlington used its capacity to provide the service from December 2003 through March 2004, and in four of the past five months. Bridger also states Eighty-Eight provided service on its ownership interest in the pipeline in the past.

8. Bridger indicates the prorationing rules in the proposed FERC Tariff No. 19 that Enserco wants suspended for seven months are the same rules approved by

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[3] In Docket No. IS09-25-000, effective December 1, 2008, Bridger had increased its rate on the Little Missouri from 48.24 to 84.24 cpb under cost of service filing based on a claim of "substantial divergence."

the Commission over Enserco's protest and the rules conform to current Commission precedent and policy on prorationing.[4] Bridger submits that in order to avoid conflicting rules for service on the Little Missouri, Bridger had to bring them into conformity with the currently exiting rules applicable to Bridger's undivided joint interest.

9. Enserco requests the Commission consolidate Docket Nos. IS09-193-000 and IS09-194-000, with the unconsolidated Docket Nos. IS09-92-000 and IS09-93-000, which are subject to Commission order issued January 16, 2009.[5] Bridger states the sole rationale for filing FERC Tariff Nos. 19 and 20 was to implement its purchase of Burlington's ownership interest in the Little Missouri and provide shippers with uniform rates and service. Bridger also states the issues subject to the Commission's January 16th Order are unrelated and irrelevant to Bridger's adoption of Burlington's tariff and Bridger's requirement to provide uniform service immediately on Little Missouri.

10. Bridger's tariff filings to bring Burlington's adopted tariffs forward under Bridger's name are in compliance with the Commission's regulations under 18 C.F.R. 341.6(c). Bridger's adoption of Burlington's tariffs is not new service. When the tariffs are brought forward under Bridger's name, Bridger at that time has the right to make changes to the rates, rules and regulations. Bridger decreased the existing rate of 82.24 cpb for its portion of the undivided joint interest to 70.00 cpb pursuant to the indexing regulations at 18 C.F.R. 342.3(a). This action by Bridger eliminated conflicting rates and benefited shippers with a reduced transportation rate. Likewise, in order to have a uniform proration policy Bridger implemented its existing proration policy for the Little Missouri. Existing Bridger shippers have no change; shippers who previously moved under Burlington's tariff will have a new prorationing policy. Enserco's concerns with Bridger's prorationing policy are being addressed in a proceeding under Docket

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[4] *See Bridger Pipeline LLC*, 123 FERC ¶ 61,081 (2008).

[5] *Belle Fourche Pipeline Co., et al.*, 126 FERC ¶ 61,054 (2009) (January 16th Order).

Nos. IS09-92-000 and IS09-93-000 of which they are a party and do not need to be addressed here. Bridger's filings are accepted as filed effective May 1, 2009.

By direction of the Commission.

Kimberly D. Bose,
Secretary.