

131 FERC ¶ 61,006
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

April 1, 2010

In Reply Refer To:
Rockies Express Pipeline LLC
Docket No. RP10-474-000

Rockies Express Pipeline LLC
370 Van Gordon Street
Post Office Box 281304
Lakewood, CO 80228-8304

Attention: Robert F. Harrington,
Vice President, Regulatory Affairs

Reference: Rate Schedule IBS

Ladies and Gentlemen:

1. On March 5, 2010, Rockies Express Pipeline LLC (Rockies Express) submitted tariff sheets to implement Rate Schedule IBS, which would provide an interruptible balancing service (IBS), and a minor change to the Rate Schedule FTS *pro forma* form of service agreement. The tariff sheets listed in the Appendix to this letter are accepted, effective April 5, 2010, as discussed below.
2. Rockies Express states that the IBS service is an imbalance management service designed to allow shippers transporting volumes to a specific delivery point to elect for a range of swing-up and/or swing-down from nominated quantities under the linked transportation agreement.¹ Rockies Express notes this service would be rendered from line pack with other nominated interruptible parking and lending services.²

¹ Rockies Express notes that the Commission has authorized other pipelines to provide similar interruptible imbalance management services. *See, e.g., Natural Gas*

(continued...)

3. Rockies Express states the IBS service will add value and more market-responsiveness to Rockies Express' nominated transportation services. The IBS service also provides for greater flexibility in scheduling flows at a delivery point to meet changes in demand for end-use facilities and changes in load in a local distribution company's service area.
4. Rockies Express notes that to be eligible for IBS service, a shipper must hold and nominate transportation quantities under an FTS or ITS agreement to which the IBS agreement is linked. Rockies Express states that to obtain IBS service on any day, a shipper under Rate Schedule IBS must make an access request specifying the volume and direction of swing desired for that day. The MDQ of the IBS agreement must either be equal or less than the MDQ under the linked transportation agreement at the specific delivery point.³ If Rockies Express can schedule the requested interruptible balancing service using line pack and without detriment to its system or firm services, Rockies Express will confirm the access request. Rockies Express notes that Rate Schedule IBS is subordinate to firm service and is fully interruptible and will be scheduled equally with other interruptible services.⁴ The IBS shipper is required, in conjunction with nominations on the linked transportation agreement, to payback the daily balance by the fourth gas day.⁵
5. Rockies Express states the rates applicable to Rate Schedule IBS are derived from equivalent maximum rates applicable to nominated parks and loans under Rate Schedule

Pipeline Company of America, 91 FERC ¶ 61,028 (2000); *Columbia Gas Transmission Corp.*, 121 FERC ¶ 61,148 (2007); and *Colorado Interstate Gas Company*, 122 FERC ¶ 61,256 (2008).

² Section 2.1, Original Sheet No. 78, Rate Schedule IBS, Rockies Express Pipeline LLC, Second Revised Volume No. 1.

³ Section 3.0, Original Sheets Nos. 79-85, Rate Schedule IBS, Rockies Express Pipeline LLC, Second Revised Volume No. 1.

⁴ Section 2.4, Original Sheet No. 78, Rate Schedule IBS, Rockies Express Pipeline LLC, Second Revised Volume No. 1.

⁵ Rockies Express states that daily balances not nominated and scheduled for payback by the fourth gas day will incur additional charges equal to the Park/Loan daily balance rate unless payback delay is by failure of Rockies Express to be able to schedule payback (Section 6.4, Original Sheet No. 92, Rate Schedule IBS, Rockies Express Pipeline LLC, Second Revised Volume No. 1).

PALS. Rockies Express proposes a daily access rate of \$0.6911/Dth and a Park/Loan daily balance rate of \$0.8293/Dth for Rate Schedule IBS.⁶

6. Rockies Express also proposes to revise the form of service agreement for Rate Schedule FTS to designate whether or not the firm transportation service at a point is to be provided “By Displacement Only.” Rockies Express states the clarification is necessary to disclose that its ability to receive or deliver gas, at certain receipt or delivery points, is dependent on the availability of other nominated volumes to effectuate the receipt of delivery under the contract by displacement.⁷

7. Public notice of the filing was issued on March 8, 2010. Interventions and protests were due as provided in section 154.210 of the Commission’s regulations (18 C.F.R. § 154.210 (2009)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2009)), all timely filed motions to intervene and any motion 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 the proceeding or place additional burdens on existing parties. On March 17, 2010, The East Ohio Gas Company d/b/a Dominion East Ohio (Dominion East) submitted a motion to intervene, a limited protest, and, in the alternative, a request for a technical conference.

8. Dominion East states that they do not oppose the implementation of Rockies Express’ IBS service as long as Rockies Express’ does not require delivery point operators such as Dominion East, who are not shippers, to purchase services in order to facilitate management of Rockies Express shipper imbalances at a delivery point.

9. Dominion East states that Rockies Express has not addressed how it will manage shipper imbalances where there are multiple shippers at a delivery point. Dominion East also states that Rockies Express has not addressed how delivery point balancing would be accomplished if only a portion of the shippers delivering to a specific point acquire the proposed IBS service.

⁶ First Revised Sheet No. 7.01, Rockies Express Pipeline LLC, Second Revised Volume No. 1.

⁷ Previously, Rockies Express has submitted the transportation service agreements, which required the phrase “By Displacement Only,” to the Commission as non-conforming service agreements. *See* Commission Letter Orders dated January 22, 2010, January 29, 2010, and February 3, 2010 in Docket Nos. RP10-280-000 and RP10-290-000, RP10-295-000, and RP10-306-000, respectively.

10. Dominion East states that this type of imbalance would best be managed through an Operational Balancing Agreement (OBA) between the point operator and the pipeline. Dominion East notes that Rockies Express' tariff contains express provisions for undertaking OBAs to minimize "operational conflicts between various Gas facilities with respect to deliveries of Gas to and from Transporters facilities...."⁸ Dominion East notes that this circumstance fits squarely within the purpose underlying that tariff provision and should be applied here. To the extent that Rockies Express disagrees that an OBA arrangement is the method by which delivery point imbalance issues should be managed, Dominion East requests that the Commission suspend the IBS tariff sheets and hold a technical conference on the matter.

11. We accept Rockies Express proposal to implement Rate Schedule IBS. We find that Rate Schedule IBS is an optional service, available to shippers who already hold and nominate transportation quantities under an FTS or ITS Agreement with Rockies Express, and point operators, such as Dominion East, would be under no obligation to purchase Rockies Express' IBS service. Therefore, we reject Dominion East's protest because they would not be obligated to purchase this service from Rockies Express.

12. Further, we find that Rockies Express has the necessary mechanisms, i.e. OBAs,⁹ needed to manage the imbalance issues that may arise between Rockies Express and delivery point operators as a result of Rockies Express implementing Rate Schedule IBS. Section 34.1 of Rockies Express' tariff states:

For the purpose of minimizing operational conflicts between various Gas facilities with respect to delivery of Gas to and from Transporter's facilities, Transporter is willing to negotiate and execute OBAs with appropriate parties that operate facilities interconnecting with Transporter's system.... Such OBAs will provide that any variance between actual quantities and scheduled and confirmed quantities for any day shall be resolved pursuant to the terms of the OBA.¹⁰

13. As noted above, Rockies Express has the necessary mechanisms to manage imbalance issues. For that reason a technical conference on this matter does not appear

⁸ See Sections 34.1 and 34.2 of the General Terms and Conditions of Rockies Express Pipeline LLC, Second Revised Volume No. 1.

⁹ See Sections 34.1 and 34.2 of the General Terms and Conditions of Rockies Express Pipeline LLC, Second Revised Volume No. 1.

¹⁰ Original Sheet No. 254, Rockies Express Pipeline LLC, Second Revised Volume No. 1.

necessary, and we therefore deny Dominion East's request for a technical conference, and accept Rockies Express' new provisions implementing Rate Schedule IBS. Further, we accept Rockies Express' proposed revision to the form of service agreement for Rate Schedule FTS.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

Appendix

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Tariff Sheets Accepted Effective April 5, 2010

FERC Gas Tariff, Second Revised Volume No. 1

Third Revised Sheet No. 1
Second Revised Sheet No. 2
First Revised Sheet No. 7.01
Original Sheet Nos. 77 thru 97
Second Revised Sheet No. 100
Second Revised Sheet Nos. 143 and 144
First Revised Sheet No. 273
Second Revised Sheet Nos. 400 and 401
Second Revised Sheet No. 425
Original Sheet No. 426