

135 FERC ¶ 61,192
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer, Philip D. Moeller,
John R. Norris, and Cheryl A. LaFleur.

PostRock KPC Pipeline, LLC
Enogex LLC

Docket No. CP11-77-000
Docket No. CP97-738-010

ORDER APPROVING ABANDONMENT AND AMENDING LIMITED
JURISDICTION CERTIFICATE

(Issued May 27, 2011)

1. On February 4, 2011, PostRock KPC Pipeline, LLC (KPC) filed an application under section 7 of the Natural Gas Act (NGA)¹ and Part 157 of the Commission's regulations² requesting permission to abandon, retroactive to January 1, 2011, a portion of the capacity it leases from Enogex LLC (Enogex). Also, on February 4, 2011, Enogex filed a request to amend its limited jurisdiction certificate to reflect the reduction in the capacity subject to the lease.

2. As discussed below, we will approve KPC's request to abandon a portion of the capacity it leases from Enogex and amend Enogex's limited jurisdiction certificate.

I. Background and Proposals

3. KPC is a natural gas company under section 2(6) of the NGA. It owns and operates a 1,120-mile interstate natural gas pipeline system that transports gas from Oklahoma and western Kansas to the Wichita, Kansas and Kansas City, Missouri

¹ 15 U.S.C. §§ 717-717z (2006).

² 18 C.F.R. Part 157 (2010).

metropolitan areas. KPC's system interconnects with Enogex in Pawnee County, Oklahoma.

4. Enogex is an intrastate pipeline operating natural gas transportation and storage facilities in Oklahoma. In addition to providing intrastate transportation and storage services, Enogex provides interstate transportation and storage services under section 311(a)(2) of the Natural Gas Policy Act of 1978.³

5. KPC is currently authorized to lease 90,000 MMBtu a day of capacity on Enogex's intrastate pipeline system.⁴ Enogex holds a limited jurisdiction certificate from the Commission authorizing Enogex to lease this capacity to KPC without becoming subject to the Commission's plenary NGA jurisdiction.⁵ Following the expiration of a contract with Mid-Kansas Gas Gathering Co., LP (Mid-Kansas), KPC entered into an agreement with Enogex to reduce the capacity under the lease from 90,000 to 33,000 MMBtu a day.

6. KPC requests approval to abandon, retroactively to January 1, 2011, the 57,000 MMBtu a day of the leased capacity it no longer needs and return it to Enogex. KPC states that the leased capacity it proposes to abandon is not currently contracted to any shipper and is not required for system operations.⁶ In addition, KPC states that, because the entire lease is scheduled to expire on October 31, 2011, it is highly unlikely that any existing or prospective shipper would seek to contract on a firm basis for the capacity that is to be abandoned. KPC also contends that the proposed abandonment will reduce its lease costs, which will, in turn, result in a reduction in its transportation rates, as the lease costs are included in KPC's Zone 1 transportation rates.⁷

³ 15 U.S.C. §§ 3301 – 3432 (2006).

⁴ The lease expires October 31, 2011.

⁵ The original authorizations were issued to Kansas Pipeline Company, the predecessor of KPC, and to Transok, Inc., the predecessor of Enogex. *Kansas Pipeline Company*, 81 FERC ¶ 61,005, at 61,025; *order on clarification*, 81 FERC ¶ 61,210 (1997); *order on reh'g*, 83 FERC ¶ 61,107, at 61,509-10 (1998).

⁶ KPC states the 33,000 MMBtu a day of the leased capacity it proposes to retain corresponds to the receipt point rights of two shippers at the point of interconnection between the Enogex and KPC systems that expressed an interest in having KPC retain some lease capacity.

⁷ On February 4, 2011, in Docket No. RP11-1761-000, KPC filed to reduce its transportation rates, retroactively to January 1, 2011, to reflect the reduction in lease costs.

7. In conjunction with KPC's application, Enogex proposes to amend its limited jurisdiction certificate to reflect the reduction in capacity leased to KPC.

II. Notice and Interventions

8. Notice of KPC's application in Docket No. CP11-77-000 was published in the *Federal Register* on February 23, 2011 (76 Fed. Reg. 10,020). Notice of Enogex's application in Docket No. CP97-738-010 was published in the *Federal Register* on February 25, 2011 (76 Fed. Reg. 12,101). No motions to intervene, notices of intervention, or protests to either application were filed.

III. Discussion

9. Because the leased capacity is used to transport natural gas in interstate commerce over facilities subject to the jurisdiction of the Commission, KPC's proposed abandonment and Enogex's proposed amendment of its limited jurisdiction certificate are subject to the requirements of subsections (b) and (c) of NGA section 7.

10. The capacity that KPC proposes to abandon is no longer needed by KPC because the capacity is no longer subscribed and is not required for system operations. Further, the proposed abandonment will enable KPC to reduce its transportation rates. In addition, no customer has protested KPC's proposals. For these reasons, we find that KPC's proposed abandonment of 57,000 MMBtu per day of leased capacity on Enogex is in the public convenience or necessity. Since we are approving KPC's proposed abandonment, we will also amend Enogex's limited jurisdiction certificate to reflect a reduction in the capacity subject to the lease.

11. KPC and Enogex request that their respective authorizations to abandon leased capacity and amend a limited jurisdiction certificate be made retroactive to January 1, 2011. KPC states that granting retroactive abandonment authority in this situation will not harm any party and "will enable KPC to reduce the lease costs it incurs on and after January 1, 2011."

12. We have equitable authority to grant certificate and abandonment authority retroactively in circumstances where we find such action is warranted.⁸ Here, KPC's proposed abandonment will lower lease costs; in turn, KPC has proposed to reduce its

⁸ *Wyckoff Gas Storage, Co., LLC*, 127 FERC ¶ 61,107, at P 12-13 (2009); *Transcontinental Gas Pipe Line Corp.*, 73 FERC ¶ 62,025, *order on reh'g*, 73 FERC 61,301 (1995).

Zone 1 transportation rates for its customers.⁹ Thus, we will make the abandonment of KPC's leased capacity and the amendment of Enogex's limited jurisdiction certificate retroactive to January 1, 2011.

13. The Commission on its own motion received and made a part of the record in this proceeding all evidence, including the application and exhibits thereto, submitted in support of the authorizations sought herein, and upon consideration of the record,

The Commission orders:

(A) KPC is granted permission and approval under NGA section 7(b) to abandon 57,000 MMBtu a day of capacity leased from Enogex effective January 1, 2011, as more fully described in this order and the application.

(B) Enogex's limited jurisdiction certificate is amended under NGA section 7(c) to reflect the reduction in lease capacity to KPC, effective January 1, 2011, as more fully described in this order and the application.

(C) The authorizations issued in Ordering Paragraphs (A) and (B) are conditioned on KPC's and Enogex's complying with all applicable Commission regulations under the NGA, particularly the applicable requirements of sections 154 and 157.20 of the regulations.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

⁹ On March 3, 2011, the Director of the Division of Pipeline Regulation issued a letter order accepting, effective January 1, 2011, revised tariff records that reflect a decrease in KPC's transportation rates due to a reduction in lease costs paid to Enogex, subject to the outcome of KPC's abandonment proposals in Docket No. CP11-77-000.