

140 FERC ¶ 61,126  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

August 13, 2012

In Reply Refer To:  
Wyoming Interstate Company, L.L.C.  
Docket No. RP12-796-000

Wyoming Interstate Company, L.L.C.  
Post Office Box 1087  
Colorado Springs, CO 80944

Attention: David K. Dewey, Assistant General Counsel

Reference: Letter Order Approving Uncontested Settlement

Ladies and Gentlemen:

1. On June 11, 2012, pursuant to Rule 207 of the Commission's Rules of Practice and Procedure,<sup>1</sup> Wyoming Interstate Company, L.L.C. (WIC) submitted a Settlement on behalf of itself and others to establish procedures for allocating gas supplies when downstream pipelines restrict or cease receipts into their systems to enforce stricter carbon dioxide (CO<sub>2</sub>) specifications. The Settlement would change the tariff gas quality specifications for WIC, and establish a process for Questar Overthrust Pipeline Company (Overthrust) and Trailblazer Pipeline Company LLC (Trailblazer) to lower their gas quality specifications in their tariffs to two percent (2.00%) CO<sub>2</sub>. WIC states that all affected parties support the Settlement and requests that the Commission approve the Settlement on or before September 30, 2012, to allow sufficient time to procure and install equipment required under the Settlement. The Settlement is uncontested and the Commission finds that the Settlement appears fair and reasonable and in the public interest, and is therefore approved.

2. By way of background, WIC explains that on January 28, 2010, WIC filed tariff sheets in Docket No. RP10-337-000, proposing gas quality allocation procedures to be

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<sup>1</sup> 18 C.F.R. § 385.207(a)(5) (2012).

used when CO2 issues on downstream pipelines result in reductions of deliveries by WIC. Specifically, WIC proposed to add a new section to its FERC Gas Tariff to provide that, in the event a downstream pipeline refuses to accept delivery of gas for reasons related to CO2 levels, WIC may reduce gas receipts.

3. On February 25, 2010, the Commission accepted and suspended WIC's tariff sheets to be effective August 1, 2010, subject to conditions and the outcome of a technical conference.<sup>2</sup> The Commission held a technical conference on March 24, 2010.<sup>3</sup> During the technical conference, WIC provided support for its proposed gas quality allocation procedures and interveners provided their comments and suggestions. In response to the discussion at the technical conference, WIC filed to withdraw its tariff filing in Docket No. RP10-337-000. The Commission approved the withdrawal and terminated Docket No. RP10-337-000 on May 28, 2010.<sup>4</sup>

4. WIC states that following the withdrawal of its tariff filing, on April 14, 2010, it established a Gas Quality Working Group for all stakeholders interested in developing a long-term solution to the gas quality issues facing WIC and the upstream and downstream pipelines with which it is interconnected.<sup>5</sup> The inaugural meeting of the Gas Quality Working Group was held in Denver on May 25, 2010. WIC asserts that since that first meeting, the stakeholders have participated in many meetings and conference calls and have explored possible solutions ranging from construction of a centralized gas treating facility to Tariff changes. WIC states that the Gas Quality Working Group determined that the stakeholders would be best served by a long-term multi-pipeline solution to the issues confronting them.

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<sup>2</sup> *Wyoming Interstate Co., Ltd.*, 130 FERC ¶ 61,142 (2010).

<sup>3</sup> *See Wyoming Interstate Co., Inc.*, Notice of Technical Conference, Docket No. RP10-337-000 (issued March 10, 2010).

<sup>4</sup> *Wyoming Interstate Co., Ltd.*, 131 FERC ¶ 61,197 (2010).

<sup>5</sup> WIC states that the following companies were participants in the Gas Quality Working Group: Anadarko Energy Services Company (Anadarko); BP; Chevron USA Inc.; ConocoPhillips Company; Copano Pipelines/Rocky Mountains, LLC; Crestone Powder River L.L.C.; Devon Energy Production Company, L.P.; Fort Union Gas Gathering, LLC; Independent Petroleum Association of America; Marathon Oil Company; MIGC, LLC; Questar Pipeline Company; Questar Overthrust Pipeline Company; Shell Energy North America (US), L.P.; Thunder Creek Gas Services, LLC; Trailblazer Pipeline Company LLC; WPX Energy Marketing, LLC; Wyoming Pipeline Authority; and Yates Petroleum Corporation.

5. After extensive negotiation, the Settling Parties (as that term is defined in the Settlement) reached a consensus on a tariff proposal to maximize available gas supplies and avoid disadvantaging shippers simply because of differing gas quality specifications across the integrated pipeline grid. The proposed Settlement is intended to address the varying gas quality specifications of upstream and downstream interconnecting pipelines and maximize available gas supply.
6. Public notice of the Settlement was issued on June 21, 2012. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.<sup>6</sup> Pursuant to Rule 214,<sup>7</sup> all timely filed motions to intervene and any unopposed motion to intervene out-of-time filed before the issuance 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. No protests or adverse comments were filed. Comments in support of the Settlement were filed by Anadarko, the Wyoming Pipeline Authority, and Atmos Energy Corporation.
7. The main provisions of the Settlement may be summarized as follows.
8. Article I provides a brief background to the Settlement.
9. Article II provides that WIC's gas quality tariff specification for CO<sub>2</sub> will be lowered to two percent (2.00%), provided that WIC will accept natural gas into its system containing up to three percent (3.00%) CO<sub>2</sub> and provided further that WIC's commingled gas stream does not contain more than two percent (2.00%) CO<sub>2</sub> at the nearest downstream location at which WIC is able to monitor, physically or via mathematical calculation, the volume of CO<sub>2</sub> on WIC's system. WIC's proposed tariff refers to these monitoring locations as "Carbon Dioxide Monitoring Locations" or "CDM Locations."
10. Article III provides for WIC to incorporate a "pairing mechanism into its Tariff. The Settlement defines "pairing" as arrangements in which two or more interconnecting parties at Points of Receipt agree to combine their receipt volumes entering WIC's system. The commingled paired gas receipt sources shall be treated as a single source for purposes of determining the CO<sub>2</sub> content of the combined gas stream. Pairing arrangements shall involve collocated gas sources entering WIC's system upstream of the same CDM Location.
11. Article IV addresses certain operational concerns associated with Overthrust changing its tariff gas quality provisions as detailed in the Settlement. More specifically,

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<sup>6</sup> 18 C.F.R. § 154.210 (2012).

<sup>7</sup> 18 C.F.R. § 385.214 (2012).

WIC, Overthrust, and Questar Pipeline Company (Questar) have agreed to a limited-term, operational arrangement in which Anadarko, Overthrust, and Questar will be permitted to aggregate, for CO<sub>2</sub> content evaluation purposes, the volumes introduced into WIC's system at (a) the Anadarko-operated Golden Dome Point of Receipt (GLD), (b) the Overthrust/WIC Meter (OVW), and (c) the Kanda to WIC – Questar Meter (KAW). WIC will deem these aggregated volumes to be received at the southern origin of its Kanda Lateral line. For purposes of this arrangement, the CO<sub>2</sub> content of the volumes introduced into WIC's system at GLD, OVW, and KAW will be mathematically calculated and posted on WIC's website. This arrangement shall remain in effect until the later of August 31, 2016, or three and one-half (3½) years from the Effective Date of the Settlement.

12. Article V provides for a receipt source reduction methodology that allows WIC to reduce gas receipts using a weighted average methodology when CO<sub>2</sub> at the nearest downstream CDM Location exceeds two percent (2.00%).

13. Article VI provides the procedural mechanisms by which Overthrust and Trailblazer, subject to certain specified conditions, will file for corresponding reductions in their gas quality Tariff specifications for CO<sub>2</sub> to two percent (2.00%) by volume.

14. Article VII provides that the parties that either support or do not oppose the Settlement will be bound by an order which approves the Settlement without condition or modification.

15. Article VIII sets forth certain procedural mechanisms for approval of the Settlement.

16. Article IX sets forth reservations, limitations, and standards of review related to the Settlement. The Settlement states that the standard for review for any change to the Settlement proposed by WIC or any Settling Party shall be the “public interest” standard for review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Co.*<sup>8</sup> and *Federal Power Commission v. Sierra Pacific Co.*<sup>9</sup> In any such proceeding, the Settling Parties shall not support any such change to be made effective during the term of the Settlement. With respect to proposed changes to the Settlement sought by non-settling third parties or the Commission acting sua sponte, the standard of review shall be the “just and reasonable” standard.

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<sup>8</sup> *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332 (1956).

<sup>9</sup> *FPC v. Sierra Pac. Power Co.*, 350 U.S. 348 (1956).

17. Article X provides that the Settlement shall continue in force and effect for three and one half years (3½) from the later of the effective date or March 1, 2013.

18. As mentioned above, the Settlement requires tariff changes to be made by WIC, Overthrust, and Trailblazer. WIC filed *pro forma* tariff records that reflect the terms of the Settlement. Additionally WIC submitted, on behalf of Overthrust and Trailblazer, *pro forma* tariff records reflecting changes to be made by those two companies to their respective tariffs, in order to effectuate the Settlement.

19. The record reflects that this Settlement is uncontested.<sup>10</sup> The Commission may approve an uncontested offer of settlement upon a finding that the settlement appears to be fair and reasonable and in the public interest.<sup>11</sup> The Settlement appears to be fair and reasonable and in the public interest, and is hereby approved. The Commission's approval of the Settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding. Finally, WIC, Trailblazer, and Overthrust are directed to file actual tariff records as required by the Settlement.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>10</sup> See Appendix D of WIC's instant filing for a list of parties characterized by WIC as either supporting or not opposing the Settlement. Three comments were filed in support of the Settlement and no comments were filed in opposition to it.

<sup>11</sup> 18 C.F.R. § 385.602(g)(3) (2012).