

141 FERC ¶ 61,174
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
Cheryl A. LaFleur, and Tony T. Clark.

Colorado Interstate Gas Company, L.L.C.

Docket No. RP13-236-000

ORDER ACCEPTING AND SUSPENDING TARIFF RECORDS
AND ESTABLISHING TECHNICAL CONFERENCE

(Issued November 29, 2012)

1. On October 31, 2012, Colorado Interstate Gas Company, L.L.C. (CIG) filed revised tariff records¹ to establish a new interruptible High Plains Park and Loan Service (PAL-HP), to allow shippers to park and/or borrow gas at designated locations on CIG's High Plains System (High Plains). CIG proposes an effective date of December 1, 2012. As discussed below, the Commission will accept and suspend the proposed tariff records, to be effective May 1, 2013, or an earlier date set by subsequent Commission order, subject to conditions and the outcome of a technical conference directed herein.

Background

2. CIG's High Plains System is an incrementally priced lateral located in Weld, Adams, and Morgan Counties in Colorado. Other than an interconnection at CIG's Watkins Air blending Station, High Plains does not physically interconnect with CIG's mainline system. Currently, High Plains interconnects with Wyoming Interstate Company, L.L.C. (WIC), Rockies Express Pipeline, L.L.C. (REX), and Young Gas Storage Company, Ltd. (Young). CIG states that High Plains provides local distribution companies and electric power generation plants various firm and interruptible services. CIG states that High Plains currently offers firm and interruptible transportation, firm and interruptible storage services, a combined transportation and storage service, and a swing service to delivery point operators.

¹ See Appendix.

3. CIG states that it is offering this service to align CIG's High Plains with the Commission's requirements set forth in Order No. 637, which directed pipelines to provide park and loan service to the extent it is operationally practicable.² CIG states that the PAL-HP service is a nominated, interruptible service with a minimum one day term, and each transaction will be posted on CIG's EBB under the Transactional Reporting section. CIG states that its proposed PAL-HP service will allow shippers to park gas and/or to be advanced gas on High Plains, at points designated on its electronic bulletin board (EBB). CIG anticipates that PAL-HP service will be available at two existing points: CIG-WIC Flying Hawk Interconnect and CIG-REX Crazy Horse Interconnect.

4. CIG states that PAL-HP will provide shippers with additional flexibility in balancing their services, and asserts that it will not degrade High Plains' capabilities for its existing firm or interruptible shippers. CIG states that the PAL-HP tariff provisions provide that PAL-HP is subject to interruption at any time and that such interruptions may be in effect for extended periods of time. CIG further maintains that the tariff provisions allow CIG to require shippers to submit nominations to eliminate outstanding park and/or loan balances if such action is needed to allow CIG to fulfill higher priority commitments or if such action is operationally necessary. CIG states that, as PAL-HP will have a lower scheduling priority than firm service, authorized overrun, and interruptible transportation best efforts service, it will have no impact on the capacity available to provide existing High Plains' services. CIG further states that it does not expect that the proposed interruptible park and loan service will adversely affect existing services, receipt or delivery point flexibility, or current operating conditions on High Plains. CIG states that PAL-HP service will not be provided to any shipper if, in CIG's reasonable judgment, service to existing shippers would be impaired. CIG asserts that PAL-HP service is consistent with other proposals accepted by the Commission.³

² *Regulation of Short-Term Natural Gas Transportation Services and Regulation of Interstate Natural Gas Transportation Services*, Order No. 637, FERC Stats. & Regs., Regulations Preambles July 1996-December 2000 ¶ 31,091; *order on reh'g*, Order No. 637-A, FERC Stats. & Regs., Regulations Preambles July 1996-December 2000 ¶ 31,099 (2000).

³ *See Iroquois Gas Transmission Sys.*, 73 FERC ¶ 61,389 (1995), *Natural Gas Pipeline Co. of America*, 82 FERC ¶ 61,306 (1998); and *Natural Gas Pipeline Co. of America*, 96 FERC ¶ 61,181 (2001).

5. CIG proposes a three-part rate for PAL-HP service consisting of an Initial Rate of a maximum of \$0.1281 per Dth,⁴ a Park/Loan Balance Rate, which is fifty percent of the maximum Initial Rate,⁵ and a Completion rate of a maximum of \$0.1281 per Dth.⁶ CIG maintains that the rates are based on and derived from the currently effective High Plains Interruptible Transportation rate (a 100% load factor equivalent of the High Plains Firm Transportation reservation rate of \$3.8895). The PAL-HP Rate Schedule makes clear that, notwithstanding the individual rates listed, on any one day, the maximum combined sum of the Initial Rate, the Park/Loan Balance Rate and the Completion Rate shall not exceed the maximum Initial Rate as shown on the Statement of Rates in the Tariff. CIG states that this three part rate is based on interruptible transportation rates for High Plains, and asserts that the Commission has previously approved this type of rate for this type of service on other pipelines.⁷ CIG states that PAL-HP service only contemplates charging up to the equivalent interruptible transportation rate on the days the Initial Rate and the Completion Rate are applicable, on all other days when the gas quantities are either parked or loaned, CIG is proposing to only charge as the daily Park/Loan Balance Rate up to one-half of the High Plains Interruptible Transportation rate.

Public Notice, Intervention and Comments

6. Notice of CIG's filing was issued on November 1, 2012. Interventions and protests were due on or before November 13, 2012, as provided by the notice. Pursuant to Rule 214, 18 C.F.R. § 385.214 (2012), all timely motions to intervene and any unopposed motions 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 this proceeding or place additional burdens on existing parties. Public Service Company of Colorado (PSCo) filed a protest.

⁴ The Initial Rate is charged for each Dth of gas tendered to CIG for parking service, or for each Dth of gas CIG loans for lending service.

⁵ The Park/Loan Balance Rate is the rate charged per Dth for each successive day gas quantities remain either parked or loaned.

⁶ The Completion Rate is charged upon expiration of the contract for each Dth of gas previously parked and now being withdrawn, or for each Dth of gas previously loaned and now being returned.

⁷ See *TransColorado Gas Transmission Co.*, 97 FERC ¶ 61,106 (2001); and *Rockies Express Pipeline, LLC*, 116 FERC ¶ 61,272 (2006).

7. PSCo states that it holds firm contracts for ninety-seven percent of the High Plains' capacity, and seven Bcf of storage capacity, the functional equivalent of the entire capacity of the Totem Storage field. PSCo is concerned that PAL-HP, as currently structured, could degrade its existing service on High Plains. PSCo states that it is hopeful that CIG will be able to offer modifications that will address PSCo's concerns. However, absent modifications to protect the integrity of PSCo's existing firm service, PSCo urges the Commission to reject CIG's proposed PAL-HP service.

8. PSCo's greatest concern is that the proposed PAL-HP service will degrade current High Plains' service. PSCo asserts that High Plains is not a typical pipeline because forty-four percent of its current capacity is committed to TSB-Y and TSB-T service. PSCo argues that currently TSB-Y and TSB-T services provide shippers with transportation service to and from a shipper's Young or Totem storage inventory account. PSCo points out TSB shippers may nominate, in any hour of the gas day, for transportation storage balancing service and may change, in any hour, a previously scheduled quantity. Because the proposed PAL-HP service may not be bumped after confirmation for the last scheduling cycle (Intraday 2), PSCo fears its ability to schedule TSB at any hour of the day will be limited to scheduling TSB by 5:00 p.m., which is less than half-way through the gas day. Therefore, PSCo claims this purported limitation will adversely affect the operation of its facilities to provide reliable electric and gas service to its customers.

9. PSCo also points out that High Plains has one hour nomination rights that allow PSCo to dramatically increase its High Plains' nominations for unanticipated reasons. For example, PSCo points out that if it unexpectedly loses a base-load coal plant, its current service allows it to increase its TSB withdrawal nominations by 7,000 Dth per hour for the remainder of the gas day. PSCo argues that CIG has not explained how High Plains could meet that requirement in the event it was making PAL-HP loans, particularly if the loans are being supported by PSCo's Young and/or Totem storage capacity.

10. PSCo also contends that CIG's reliance on Order No. 637 is misplaced. PSCo states that Order No. 637 and the applicable regulation require pipelines to offer "parking and lending **or other services** that facilitate the ability of its shippers to manage transportation imbalances" (emphasis supplied). PSCo observes that, in Order No. 637, the Commission specifically identified swing services similar to CIG's existing Rate Schedule SS-HP as an acceptable alternative to park and loan service. PSCo also argues that currently effective TSB-Y (Young Storage) and TSB-T (Totem Storage) services enable shippers that hold storage on Young or Totem to manage transportation imbalances.

11. PSCo also asserts that CIG's reliance on Order No. 637 misapprehends the Commission's reason for requiring imbalance management services. As CIG anticipates making PAL-HP available at only two points, specifically where CIG interconnects with WIC and REX, PSCo assumes that PAL-HP likely will be of most interest to shippers on WIC and REX. PSCo contends that the Commission's regulations do not obligate a pipeline to offer imbalance management services to assist shippers in staying in balance on third party pipelines as section 284.12(b)(2)(iii) of the Commission's regulations⁸ only requires pipelines that have imbalance penalty provisions in their tariff to offer services that facilitate the ability of their shippers to manage imbalances.

12. PSCo further argues CIG's representations concerning the potential adverse impact of PAL-HP on existing services are inconsistent. For example, PSCo states that while the Transmittal Letter states that PAL-HP service "will not degrade High Plains' capabilities for existing firm or interruptible shippers,"⁹ the Transmittal Letter also states that "CIG does not expect that the proposed park and loan service will adversely affect existing services on High Plains. . . ."¹⁰ PSCo speculates that CIG's shift from absolute confidence of no adverse affect to the possibility of such an adverse affect may be CIG's acknowledgement that, at the point in time when CIG elects to accept a request for PAL-HP service, CIG will not know for certain that providing the service will not impair TSB-Y and TSB-T service. PSCo asserts, therefore, that this purported inconsistency is evident from CIG's statement that it will not provide PAL-HP service if "in CIG's reasonable judgment, service to existing shippers would be impaired."¹¹ PSC states this implies if CIG makes an error in judgment, it may not be able to meet its firm service obligations.

13. PSCo contends that, as a result of a unique one-hour nomination schedule previously accepted by the Commission, a proposed new interruptible service threatens the firm service flexibility that PSCo purchased under Rate Schedules TSB-Y and TSB-T. PSCo submits that CIG has failed to meet its burden of showing that the proposed PAL-HP service will not degrade the existing TSB-Y and TSB-T services. Consequently, PSCo urges CIG to modify its proposal to address PSCo's concerns. PSCo notes in this regard that it would not oppose the implementation of a park and loan service on High Plains if it were properly modified. PSCo suggests that it may be

⁸ 18 C.F.R. § 284.12(b)(2)(iii) (2012).

⁹ Transmittal Letter, p. 2.

¹⁰ *Id.*, p. 3.

¹¹ *Id.*

possible to address PSCo's concerns by revising the PAL-HP service in a manner that allows the one-hour TSB services to bump the PAL-HP services on one hour notice after the Intraday 2 cycle and that provides for a much more rapid elimination of outstanding loan balances when necessary to fulfill higher priority requirements or CIG's operational requirements.

14. If CIG does not propose adequate modifications in this proceeding, however, PSCo requests the Commission suspend the proposed tariff sheets for five months and either direct CIG to file modifications that adequately protect TSB-Y and TSB-T service, or, alternatively, direct that a technical conference be held where parties and Commission staff will have an opportunity to consider the matter.

Commission Determination

15. The Commission has reviewed CIG's proposal, and the protest filed by PSCo. Based on our review of the pleadings, we cannot find that CIG has shown its proposed tariff records are just and reasonable. Accordingly, the Commission will accept the tariff records for filing, and suspend their effectiveness for the period set forth below, subject to the conditions set forth in this order.

16. Further, as a result of our review of the pleadings, we find that CIG's proposal raises technical and operational issues that are best addressed at a technical conference where staff and all parties will have an opportunity to further discuss their concerns and CIG's justification for its proposal. Accordingly, the Commission directs its staff to convene a technical conference to further discuss the issues raised in this proceeding. At the technical conference, CIG must be prepared to address all concerns raised by PSCo in its comments and to provide additional technical and operational support for its proposed PAL-HP service. CIG should be prepared to identify any balancing issues that have arisen on its High Plains system and how the proposed PAL-HP service will alleviate those issues beyond the balancing services currently available to shippers the High Plains system. In addition, any party proposing alternatives to CIG's proposals should be prepared to support its position with adequate technical and operational information.

Suspension

17. Based on a review of the filing, the Commission finds that the proposed tariff records have not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, the Commission will accept the tariff records, and suspend their effectiveness for the maximum period to be effective May 1, 2013, or an earlier date set by subsequent Commission order, subject to the conditions in this order.

18. The Commission's policy regarding tariff filing suspensions is that such filings generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or that it may be inconsistent with other statutory standards.¹² It is recognized, however, that shorter suspensions may be warranted in circumstances where suspension for the maximum period may lead to harsh and inequitable results.¹³ The Commission finds that such circumstances do not exist here. Therefore, the Commission will exercise its discretion and suspend the proposed tariff sheets for the maximum period and permit them to become effective May 1, 2013, subject to the outcome of the technical conference established herein and further orders of the Commission.

The Commission orders:

(A) The tariff records listed in the Appendix are accepted and suspended to become effective May 1, 2013, or an earlier date set by subsequent Commission order, subject to refund and the outcome of the technical conference established in this proceeding and further order of the Commission.

(B) The Commission's staff is directed to convene a technical conference to address the issues raised by CIG's filing and to report the results of the conference to the Commission within 120 days of the date this order issues.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

¹² See *Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month suspension).

¹³ See *Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (minimum suspension).

Appendix

Colorado Interstate Gas Company, L.L.C.
FERC NGA Gas Tariff
CIG Tariffs

Tariff Records Accepted and Suspended

[Part I: Overview, Section 1 - Table of Contents, 11.0.0](#)

[Part II: Stmt. of Rates, Section 1.5 - Interruptible Transportation Rate Schedules, 5.0.0](#)

[Part III: Rate Schedules, , 3.0.0](#)

[Part III: Rate Schedules, Section 24 - Rate Schedule PAL-HP, 0.0.0](#)

[Part IV: GT&C, , 4.0.0](#)

[Part IV: GT&C, Section 1 - Definitions, 7.0.0](#)

[Part IV: GT&C, Section 4 - Requests for Service, 4.0.0](#)

[Part IV: GT&C, Section 6 - Nomination and Scheduling Procedures, 6.0.0](#)

[Part IV: GT&C, Section 15 - Revenue Sharing Mechanism, 6.0.0](#)

[Part IV: GT&C, Section 28 - Operational Purchases and Sales, 3.0.0](#)

[Part V: Service Agreement, , 3.0.0](#)

[Part V: Service Agreement, Section 23 - Rate Schedule PAL-HP, 0.0.0](#)