

146 FERC ¶ 61,010
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

January 9, 2014

In Reply Refer To:
Wyoming Interstate Company, L.L.C.
Docket No. RP14-277-000

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

Attention: Francisco Tarin
Director, Regulatory Affairs

Reference: New Interruptible Park and Loan Service

Dear Mr. Tarin:

1. On December 12, 2013, Wyoming Interstate Company, L.L.C. (WIC) filed new and revised tariff records¹ to establish a new interruptible Park and Loan Service (PAL) to allow shippers to park and/or borrow gas at all mutually agreeable points of receipt and delivery (as well as virtual points) located on the WIC system on a non-discriminatory basis. The tariff records are accepted, effective January 11, 2014, as requested.
2. WIC consists of a mainline system and four supply area laterals (Medicine Bow, Echo Springs, Kanda, and Piceance). Additionally, WIC leases capacity on Colorado Interstate Gas Company, L.L.C.'s (CIG) Powder River Lateral. The laterals go into the Uinta Basin (Utah), Piceance Basin (Colorado) and Powder River Basin (Wyoming) supply areas. WIC shippers can transport gas from these supply basins onto WIC's mainline system for delivery to the Opal and Cheyenne hub areas. WIC states that it currently provides its shippers firm and interruptible transportation service, including interruptible head station pooling services.

¹ See Appendix.

3. WIC states that the proposed PAL service will rely on WIC's line pack, and will provide shippers with additional flexibility to move gas supplies from the various production basins to market areas. WIC's proposed PAL service will allow shippers to park gas and/or to be advanced gas at a designated point for an agreed upon time, with subsequent return and/or payback. WIC states that it anticipates PAL service will be available at all mutually agreeable points of receipt and delivery (as well as virtual points) located on the WIC system on a non-discriminatory basis. WIC states that, to the extent points may not be available, WIC will communicate such updates to shippers via a posting on WIC's electronic bulletin board (EBB). WIC states that the PAL service does not provide for any transportation between designated park and loan points, and therefore WIC will not assess any fuel or lost and unaccounted charges or Annual Charge Adjustment (ACA) surcharges on PAL service.

4. WIC states that PAL service will be available when WIC has both the operational flexibility and sufficient system line pack to provide such service on its existing facilities, and therefore will have no impact on WIC's existing services. WIC states that PAL service will not affect any receipt or delivery point flexibility. WIC states that its PAL service is a nominated interruptible service with a minimum one day term, and each transaction will be posted on WIC's EBB on the Transactional Reporting section under Informational Postings.

5. WIC proposes a three-part rate for PAL service consisting of an Initial Rate of a maximum of \$0.0835 per Dth,² a Park/Loan Balance Rate, which is fifty percent of the maximum Initial Rate,³ and a Completion Rate of a maximum of \$0.0835 per Dth.⁴ The Initial Rate and the Completion Rate are each the equivalent of WIC's mainline interruptible transportation rate. The PAL 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. WIC states that this three part rate is based on WIC's interruptible transportation rates, and asserts that the Commission has previously approved this type of rate for this type of service on

² The Initial Rate is charged for each Dth of gas tendered to WIC for parking service, or for each Dth of gas WIC loans for lending service.

³ The Park/Loan Balance Rate is the rate charged per Dth for each successive day gas quantities remain either parked or loaned.

⁴ 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.

other pipelines.⁵ WIC states that PAL 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, WIC is proposing to charge as the daily Park/Loan Balance Rate only up to one-half of the mainline Interruptible Transportation rate.

6. Public notice of the filing was issued on December 17, 2013. Interventions and protests were due on or before December 24, 2013, as provided by the notice. Pursuant to Rule 214, 18 C.F.R. § 385.214 (2013), 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. Atmos Energy Corporation (Atmos) filed comments, and Public Service Company of Colorado (PSCo) filed a protest. WIC filed an answer to Atmos and PSCo.

7. The Commission's Rules of Practice and Procedure do not permit answers to protests unless otherwise ordered by the decisional authority. 18 C.F.R. 385.213 (a)(2) (2013). However, the Commission finds good cause to accept WIC's answer because it assisted the Commission in deciding the issues.

8. Atmos states that it does not oppose WIC's proposal, but requests that the Commission direct WIC to file a cost and revenue study limited to Rate Schedule PAL showing the revenues derived from the new PAL service after one year in order to facilitate a full review of the reasonableness of WIC's proposed rates.

9. PSCo states that, although not a firm shipper on WIC, it is by far the largest storage customer on WIC's affiliate, Colorado Interstate Gas Company, L.L.C. (CIG), with which WIC interconnects. PSCo states it is concerned that imbalances between WIC and CIG may be used to support PAL service on WIC, potentially increasing CIG's fuel use for storage which additional cost would be borne by CIG's storage customers.

10. PSCo states that it assumes CIG and WIC have entered into an Operational Balancing Agreement (OBA) that recognizes that imbalances will occur. PSCo states that if the WIC/CIG OBA is similar to an OBA between WIC and PSCo, it establishes a procedure for resolving imbalances that may be modified at any time upon the mutual agreement of CIG and WIC. PSCo states that CIG is the operator of WIC,⁶ and notes

⁵ See *TransColorado Gas Transmission Co.*, 97 FERC ¶ 61,106 (2001); *Rockies Express Pipeline, LLC*, 116 FERC ¶ 61,272 (2006); *Colorado Interstate Gas Co., LLC*, Docket No. RP13-236-000 (Feb. 26 2013) (unpublished letter order)

⁶ <http://www.eppipelinepartners.com/Assets/wic.shtm>.

that the same personnel perform gas control and scheduling on both CIG and WIC. In addition, PSCo states that CIG operates interstate storage facilities, including Totem Gas Storage Field (Totem) and Young Gas Storage, Ltd. (Young). PSCo has contracted for 100 percent of Totem storage capacity, and 90 percent of Young storage capacity. PSCo states that CIG recovers fuel charges for Totem and Young pursuant to trackers including true-up mechanisms.

11. PSCo asserts that it does not oppose the implementation of PAL service on WIC as long as PSCo and its customers are not called upon to subsidize that service. PSCo states that it is concerned about the potential for the multi-system operators to manage imbalances between the WIC and CIG systems in such a way as to maximize the amount of PAL service that WIC would have available to sell. PSCo hypothesizes that if a demand for parking service is greater than WIC can support through line pack, CIG, the one and same operator of WIC and the storage facilities, would have an economic incentive to create an imbalance under the WIC/CIGOPA whereby the storage facilities would serve as a parking place. Conversely, PSCo asserts CIG could support a loan on WIC by serving, via an imbalance, as a source of gas for the loan. While PSCo states that it does not believe CIG would intentionally support WIC PAL service in a manner that would undermine firm service to any CIG storage or transportation customer, use of CIG storage to support WIC PAL transactions would increase the amount of storage fuel gas used by CIG, and WIC's proposal does not provide for the recovery of any increase in CIG storage fuel costs from PAL customers.

12. To avoid any unintentional cross-subsidization, PSCo requests that WIC provide periodic reports to enable PSCo to determine whether CIG storage is being used to support WIC PAL service. Specifically, PSCo requests that WIC be required to file quarterly reports with the Commission specifying gross volumes parked; gross volumes un-parked; gross volumes loaned; gross volumes repaid; net parked/loaned imbalance on WIC from PAL service; and the daily imbalance WIC holds with each of its affiliate pipelines. PSCo asserts that if the WIC PAL service is being cross-subsidized, the quarterly reports would provide the evidence necessary for PSCo to sustain a complaint under the Commission's rules, or, alternatively, to trigger an investigation by the Commission. PSCo states that it has asked WIC to include this reporting in its proposal, and WIC declined. PSCo asserts that without this reporting feature, WIC's proposal is unjust, unreasonable, and unduly discriminatory and should be rejected. However, PSCo states that it would have no objections to the proposed PAL service if the Commission required WIC to make the quarterly reports. Alternatively, PSCo would accept the Commission's direction to WIC to provide the quarterly reports to any CIG storage customer upon the customer's request.

13. In its answer WIC asserts there is no reason for WIC to file Atmos' requested cost and revenue study of the PAL service. WIC states that it has explained that it derived its PAL rates from the interruptible transportation service rates, and this is

consistent with FERC past practices. WIC adds that the IT rates were accepted by the Commission on December 9, 2013,⁷ and WIC is already subject to the requirement to file an over-all cost and revenue study in 2018 (as a result of the settlement in Docket No. RP13-148-000). WIC asserts that there is no reason to impose the administrative and financial burden of a new cost and revenue study on WIC, and therefore Atmos' request should be denied.

14. WIC notes that PSCo concedes that it is not a firm shipper on WIC, yet it seeks to impose additional reporting requirements on WIC not to protect any WIC shippers, but to insure that CIG does not operate its storage facilities to support the proposed WIC PAL service. WIC states that it will not rely on imbalances under the WIC/CIG OBA to provide the interruptible PAL service, but rather will do what it stated it would to in the WIC PAL filing – it will make interruptible parking and lending services available to its shippers using line pack flexibility when and if such operational flexibility is available. WIC states that the PAL service will be interruptible and, when operating conditions preclude the PAL service, WIC will interrupt the service and will require that parked and/or loaned amounts be taken off the pipeline or paid-back into the pipeline. WIC asserts that PSCo has no basis to believe or allege that WIC has been untruthful to the Commission in its filing or that it will act improperly. WIC states that PSCo's entire protest is based on speculation: that WIC *may* rely on imbalances between WIC and CIG to provide the proposed PAL service, and that such imbalances *might* result in impacts to CIG's gas storage operations, and that such impacts *could* result in increases in CIG's storage fuel rates. WIC reiterates that it will not be using anything other than the operational flexibility that is available through fluctuations in its own line pack levels to provide this service.

15. WIC states that it is interconnected with many interstate pipelines, and with many more receipt and delivery systems. WIC states that it currently has 26 OBAs in place, and asserts that it is not possible to simply compare parked and loaned volumes on the WIC mainline and various supply laterals with the balance under one of the 26 OBAs and make conclusions about whether an OBA is being manipulated to support the PAL service. Further, WIC asserts that PSCo's justification for its request for reports is based on the assertion that it will be able to conclude that an imbalance on the WIC/CIG OBA will affect storage operations on CIG, the amount of storage related fuel that is consumed on CIG, and the fuel charges assessed on PSCo. WIC notes that CIG is even more interconnected than WIC, with a greater number of interconnection OBAs with interstate pipelines and more than 75 OBAs overall. WIC asserts that PSCo's suspected problem is speculative and unfounded, the proposed reporting requirements are

⁷ See Letter Order Accepting Tariff Records in Docket Nos. RP14-148-000 and RP14-148-001 revising WIC's transportation rates.

burdensome, and the purported benefits of the requested reporting requirements are so unclear that PSCo's protest should be denied.

16. The Commission accepts WIC's proposed tariff records, effective January 11, 2014, as proposed. Order No. 637 directed pipelines to provide park and loan service to the extent operationally practicable, as a tool to help shippers manage imbalances.⁸ WIC has proposed an interruptible park and loan service with the express purpose of providing its shippers with additional flexibility to move gas supplies from the various production basins to market areas. WIC has made clear that it will provide this service only through fluctuations in its own line pack levels. The Commission denies PSCo's protest as speculative in that it ignores WIC's stated method for providing the PAL service. To impose unnecessary reporting requirements without any clear benefit or basis would be unreasonable in the circumstances. Likewise, the Commission denies Atmos' request for a cost and revenue study after one year as unnecessarily burdensome and arguably duplicative of the cost and revenue study that WIC will file pursuant to its recent settlement. The Commission has not imposed these reporting requirements on other pipelines offering PAL service, and the Commission has already approved the methodology WIC has proposed for developing its PAL rates. In sum, we deny PSCo's request for quarterly reports as based on a purely speculative potential harm to a non-shipper on WIC, and with uncertain benefits to WIC and its shippers. In any event, the Commission's approval of the new PAL service is premised on WIC's assurance that the service will be supported solely by the operational flexibility that is available through the fluctuations in WIC's own line pack and that it will not impair WIC's other services. Given that understanding, the administrative burden of additional reporting requirements as suggested by Atmos and PSCo has not been justified.

By the direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁸ *Regulation of Short-Term Natural Gas Transportation Services, and Regulation of Interstate Natural Gas Transportation Services*, Order No. 637, FERC Stats. & Regs., Regulations Preambles 1996-2000 ¶ 31,091 (2000), *order on reh'g*, Order No. 637-A, FERC Stats. & Regs., Regulations Preambles 1996-2000 ¶ 31,099 (2000).

Appendix

Wyoming Interstate Company, L.L.C.
FERC NGA Gas Tariff
WIC Tariff

Tariff Records Accepted, Effective January 11, 2014

[Part I: Overview, Section 1 - Table of Contents, 13.0.0](#)

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