

146 FERC ¶ 61,045  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

January 28, 2014

In Reply Refer To:  
Rocky Mountain Natural Gas LLC  
SourceGas Distribution LLC  
Docket No. RP14-295-000

Morgan, Lewis & Bockius LLP  
1111 Pennsylvania Avenue, NW  
Washington, DC 20004

Attention: Mark R. Haskell  
Attorney for Rocky Mountain Natural Gas LLC

Dear Mr. Haskell:

1. On December 17, 2013, Rocky Mountain Natural Gas LLC (Rocky Mountain) and SourceGas Distribution LLC (SGD) (jointly, Petitioners) filed a request for temporary waivers of certain capacity release provisions and other Commission rules, regulations, and policies (Petition), to facilitate the assignment and permanent release of a long-term transportation service agreement (TSA) at existing rates as part of a restructuring of business functions being undertaken by Rocky Mountain. Petitioners ask that the waivers become effective upon issuance of the Commission's order and continue until 120 days past the transaction closing date to allow adequate time to consummate the transaction. Petitioners seek Commission action no later than February 1, 2014. As discussed below, the Commission grants the requested temporary waivers to be effective February 1, 2014.

2. The Petitioners state that Rocky Mountain and SGD are subsidiaries of SourceGas. According to Petitioners, Rocky Mountain operates as a Hinshaw pipeline, transporting natural gas in interstate commerce within the State of Colorado. Petitioners further state that SGD is a local distribution company that provides retail distribution services to customers in Colorado, Wyoming, and Nebraska. According to Petitioners, Rocky Mountain intends to discontinue its merchant function and assign one firm TSA to SGD at existing rates, after which Rocky Mountain will cease to function as a natural gas merchant and will be solely a provider of intrastate transportation pursuant to section 311 of the Natural Gas Policy

Act of 1978 (NGPA).<sup>1</sup> Specifically, Petitioners state that the TSA to be released provides for firm transportation service for 37,800 Dth/d through November 20, 2018, on the pipeline system of Colorado Interstate Gas Company, L.L.C. (CIG) (Contract #33611000A).

3. To facilitate transfer of the TSA, Petitioners seek temporary and limited waivers of the Commission's capacity release rules and policies, including the posting and bidding requirements and, to the extent applicable, the prohibition against tying, as well as any other authorizations or waivers deemed necessary to implement the assignment and permanent release of capacity described above. Additionally, Petitioners request a waiver of Section 9 of the General Terms and Conditions (GT&C) of CIG's FERC Gas Tariff (the provisions implementing the Commission's capacity release rules and regulations) for the limited purpose of effectuating the release of capacity described above. Petitioners maintain that the waivers sought in this proceeding will be used solely for the limited purpose of facilitating the transaction described herein. Petitioners state that CIG has authorized them to state that it does not oppose the Petition. Additionally, Petitioners contend that the requested waivers are in the public interest and that the Commission's policy in recent years has been to grant temporary waivers of its capacity release regulations and policies to permit parties to consummate mergers, corporate consolidations, and similar transactions.<sup>2</sup>

4. Public notice of the filing was issued on December 31, 2013, with interventions and protests due on or before January 7, 2014. Pursuant to Rule 214,<sup>3</sup> 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. The Petition is unopposed.

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<sup>1</sup> 15 U.S.C. §§ 3301-3432.

<sup>2</sup> Petitioners cite *Request for Clarification of Policy Regarding Waivers of Applicable Requirements to Facilitate Integrated Transfers of Marketing Businesses*, 127 FERC ¶ 61,106, at P 8 (2009) (capacity release posting and bidding requirements would not necessarily apply in the cases of the merger or sale of entire business units as part of a corporate restructuring, including the transfer of transportation contracts, supply contracts, employees, data systems and technology).

<sup>3</sup> 18 C.F.R. § 385.214 (2013).

5. The Commission has reviewed the Petitioners' request for waivers and finds that the request is adequately supported and consistent with previous waivers that the Commission has granted under similar circumstances.<sup>4</sup> Our actions here are consistent with those decisions where the Commission granted similar limited, temporary waivers in order to facilitate the transfer of interstate pipeline transportation capacity as part of various types of corporate restructurings, including corporate mergers and transfers of entire business units.<sup>5</sup>

6. Accordingly, for good cause shown, the Commission grants the Petitioners' request for a temporary waiver of the specified capacity release regulations, policies, and tariff provisions to allow the permanent release of the firm transportation service agreement described above. Specifically, the Commission grants limited, temporary waiver of section 284.8 of its regulations,<sup>6</sup> which governs the release of firm capacity; the prohibition on tying; and the posting and bidding requirements for capacity release transactions. In addition, the Commission grants limited, temporary waiver of those sections of CIG's tariff that implement the policies cited above to allow for the permanent release of the firm TSA to SGD. The waivers shall become effective as of the date of this order and will remain in effect for 120 days following the closing date of the transaction described in this order.

By the direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>4</sup> See, e.g., *North Baja Pipeline, LLC*, 128 FERC ¶ 61,082, at P 14 (2009) (*North Baja*).

<sup>5</sup> E.g., *Duke Energy Ohio, Inc., et al.*, 134 FERC ¶ 61,230 (2011); *Conectiv Energy Supply, Inc.*, 132 FERC ¶ 61,247 (2010); *Macquarie Cook Energy, LLC and Constellation Energy Commodities Group, Inc.*, 126 FERC ¶ 61,160 (2009); and *Barclays Bank PLC and UBS AG*, 125 FERC ¶ 61,383 (2008).

<sup>6</sup> 18 C.F.R. § 284.8 (2013).