

146 FERC ¶ 61,090
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

February 12, 2014

In Reply Refer To:
Bear Creek Storage Company, L.L.C.
Docket No. RP14-370-000

Mr. Glenn A. Sheffield
Director-Rates
Bear Creek Storage Company, L.L.C.
P.O. Box 2563
Birmingham, Alabama 35202

Dear Mr. Sheffield:

1. On January 15, 2014, Bear Creek Storage Company, L.L.C. (Bear Creek) filed a tariff record¹ to include a new Paragraph 18 – Operational Transactions to Section 5 - General Terms and Conditions (GT&C) of its FERC Gas Tariff. The proposed new section will permit Bear Creek to buy, sell, borrow, or tender gas for return at a later date (an Operational Transaction). Bear Creek requests waiver of the Commission's 30-day notice requirement to allow the tariff record to become effective February 14, 2014. As discussed below, the Commission accepts the tariff record with conditions to be effective February 14, 2014, as proposed.

2. In the instant filing Bear Creek states that the proposed new GT&C section 18 will permit Bear Creek to buy, sell, borrow, or tender gas for return at a later date as needed to: (1) maintain system pressure and an appropriate level of storage inventory; (2) balance fuel quantities; (3) replace gas losses; (4) perform other operational functions of Bear Creek. Bear Creek goes on to state that to protect its two existing firm shippers, Southern Natural Gas Company, L.L.C. (Southern) and Tennessee Gas Pipeline Company, L.L.C. (Tennessee), the Operational Transactions will have a lower priority than firm service and the purchase, sale, borrowing, or tendering of gas shall be made on a non-discriminatory basis and all Operational Transactions between Bear Creek and its two customers will be posted on Southern's and Tennessee's web sites and reported in accordance with their tariffs.

¹ Bear Creek Storage Company, L.L.C., FERC NGA Gas Tariff, Bear Creek FERC Tariff Volume 1; [GT&C, GT&C, 1.0.0](#).

3. Bear Creek further states that since it is not an open access pipeline and the frequency of transactions is anticipated to be infrequent, it does not propose to provide annual reporting of its Operational Transactions. Bear Creek goes on to state that the proposed Operational Transactions provisions are generally consistent with similar provisions that the Commission has approved for other pipelines.²

4. Public notice of the filing was issued on January 16, 2014. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2013)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2013)), all timely filed 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 the proceeding or place additional burdens on existing parties. No adverse comments or protests were filed.

5. The Commission accepts Bear Creek's filing, subject to the conditions below. The Commission in recent years has indicated a preference that pipelines include in their tariffs specific provisions addressing operational sales and purchases of natural gas.³ These provisions include: (a) specific circumstances in which the pipeline would perform an operational purchase or sale listed in the tariff; (b) operational purchases or sales having a lower transportation priority than firm sales and clarification that there will be no transportation associated with its operational purchases or sales; (c) operational sales service is unbundled from transportation service; (d) posting and bidding procedures for the purchase and sale of gas for operational purposes; and (e) filing an annual report of sales and purchases and revenues derived from the sale of gas being credited to shippers, with the report indicating the source of the gas, date of the purchase/sale, volumes, purchase/sale price, costs and revenue from the purchase/sale, and the disposition of the costs and revenues.⁴ Bear Creek's proposed tariff language reasonably sets forth the circumstances in which it will perform operational purchases and sales and provides for those operational transactions to have a lower priority than firm service. In addition, because Bear Creek is not an open access pipeline under Part 284 of our regulations and thus only has certificate authority to provide storage service to Tennessee and Southern, tariff provisions concerning unbundling of sales and transportation service are unnecessary.

² (Citing *Hardy Storage Co., LLC*, Docket No. RP09-525-000, unpublished delegated letter order (May 1, 2009)).

³ See, e.g., *Colorado Interstate Gas Co.*, 107 FERC ¶ 61,312 (2004) (CIG), and *Dominion Transmission, Inc.*, 106 FERC ¶ 61,029 (2004).

⁴ *ANR Pipeline Co.*, 110 FERC ¶ 61,069, at P 57 and n.59 (2005).

6. However, the fact that Bear Creek is not an open access pipeline has no bearing on the annual reporting requirement or the posting and bidding requirements applicable to the operational purchases and sales. Bear Creek's two customers, Southern and Tennessee, may not be the only entities that Bear Creek could potentially buy and sell gas to for operational reasons. For example, Bear Creek could buy and sell gas from shippers on Southern and Tennessee, as necessary for the operation of its storage service. Posting of those transactions for bidding will give such shippers the opportunity to bid for those volumes.⁵ Further, the fact that Southern and Tennessee will report any operational purchases and sale of gas between Southern and Tennessee and Bear Creek and post these transactions on their web sites has no impact on the requirement that Bear Creek report its own operational purchases and sales. Moreover, any under and over-recoveries that Bear Creek incurs as a result of any operational purchases and sale of gas may be passed onto the customers of Southern and Tennessee.

7. The Commission therefore accepts Bear Creek's proposed Paragraph 18 subject to the condition that it revise that paragraph to include: (a) posting and bidding procedures for the purchase and sale of gas for operational purposes and (b) a requirement that it file an annual report of sales and purchases and revenues derived from the sale of gas being credited to shippers, with the report indicating the source of the gas, date of the purchase/sale, volumes, purchase/sale price, costs and revenue from the purchase/sale, and the disposition of the costs and revenues.

8. Accordingly, the Commission accepts Bear Creek's proposed Paragraph 18 - Operational Transactions subject to conditions, effective February 14, 2014. Bear Creek is directed to file its revised tariff record to include the conditions discussed above, within 15 days of the issuance of this order.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁵ CIG, 107 FERC ¶ 61,312 at P 8.