

152 FERC ¶ 61,168
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

August 31, 2015

In Reply Refer To:
Questar Pipeline Company
Docket No. RP15-1142-000

L. Bradley Burton, General Manager,
Federal Regulatory Affairs and FERC Compliance Officer
Questar Pipeline Company
333 South State Street
Salt Lake City, UT 84111

Dear Mr. Burton:

1. On July 29, 2015, Questar Pipeline Company (Questar) filed a revised tariff record,¹ proposed to be effective September 1, 2015, which includes language to permit Questar to reserve capacity for expansion projects subject to the Commission's prior notice regulations for construction projects performed under Questar's blanket certificate authority. Questar also proposed that it be permitted to sell any such reserved capacity on an interim basis, without the right of first refusal (ROFR). As discussed below, the Commission accepts Questar's proposed tariff record, effective September 1, 2015.

2. Questar claims that the reservation of unsubscribed capacity under prior notice authorization would allow Questar to be better able to use "existing unsubscribed capacity in light of heavy competition in Mountain West markets." Questar states that, due to the competitiveness in its markets, some of its projects with capital investments that fall within the prior notice cost limits are nevertheless of a size or operational significance to require shipper commitments for the future expansion. Further, Questar states that reserving capacity for prior notice projects would allow Questar to appropriately size future expansions based on the commitment of shippers to ensure that new shippers bear the cost of the expansion, and to reduce costs associated with the facilities. Questar states that it was required to file Natural Gas Act (NGA) section 7(c)

¹ Questar Pipeline Company, FERC NGA Gas Tariff, Tariffs, [Pt. 1 Section 31, Capacity Reserved For Future Expansions, 1.0.0.](#)

certificate applications in order to reserve capacity for expansion in two recent projects which otherwise would have qualified for prior notice authority under the Commission's regulations. Finally, Questar argues that the prior notice regulations provide parties with 60 days to respond, rather than the 30-day comment period under the Commission's NGA section 7 regulations, which, according to Questar, provides sufficient transparency and ample opportunity for all parties to raise and resolve concerns. If there are unresolved concerns, the prior-notice filing is treated as an application for NGA section 7(c) authorization.

3. In support of its petition, Questar cites *Columbia Gas Transmission, LLC*, 131 FERC ¶ 61,093 (2010) (*Columbia Gas*); and *Columbia Gulf Transmission Co.*, Docket No. RP09-768-000 (July 8, 2009) (delegated letter order) (*Columbia Gulf*), where reservation of capacity using prior notice authority was approved without protest. Notice of Questar's filing was issued on July 30, 2015. Interventions, comments and protests were due as provided in section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210 (2015). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2015), all timely-filed motions to intervene and any unopposed motions to intervene out-of-time 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 Indicated Shippers² filed a protest.

4. The Indicated Shippers request that the Commission deny Questar's proposal as contrary to Commission precedent, specifically citing *Midwestern Gas Transmission Co.*, 137 FERC ¶ 61,257 (2011) (*Midwestern*) and *Gulf South Pipeline Co., LP*, 132 FERC ¶ 61,145 (2010) (*Gulf South*).

5. The Indicated Shippers argue that Questar's supporting arguments are insufficient to overcome the Commission's prior holdings that pipelines may not reserve capacity for a prior-notice-authorized project. The Indicated Shippers essentially argue that the Commission in *Midwestern* and *Gulf South* found that both pipelines failed to address how the Commission can ensure that the prior notice process, which is easier to employ than the formal certificate process, will not be utilized to withhold capacity unnecessarily from the market.³ The Indicated Shippers argue that Questar failed to address how the Commission can ensure that the prior notice process will not be used to withhold capacity unnecessarily from the market.

² The Indicated Shippers are: BP Energy Company, Cross Timbers Energy Services, Inc., and Shell Energy North America (US), L.P.

³ *Gulf South*, 132 FERC at P 15; *Midwestern*, 137 FERC at P 64.

6. Second, the Indicated Shippers argue that in *Midwestern* and *Gulf South*, the Commission found that neither pipeline had adequately explained why capacity reservation and the loss of a right-of-first-refusal (ROFR) for interim shippers was necessary for the projects at issue there. Third, while Questar notes that it needed to resort to the NGA section 7(c) certificate process in order to reserve capacity for two recent small-sized expansion projects, the Indicated Shippers argue that an inconvenience is an inadequate justification for allowing capacity reservation for prior-notice-authorized projects. Finally, the Indicated Shippers argue that the unopposed filings approved in the *Columbia Gas* and *Columbia Gulf* orders are distinguishable from the protested filings rejected in the *Midwestern* and *Gulf South* orders, making these rejection orders more relevant precedent for the purposes of this proceeding. The Indicated Shippers argue that Questar made no effort to distinguish these more recent orders from its proposal, which renders the filing deficient.

7. Contrary to the Indicated Shippers' assertions, the Commission has never adopted a blanket prohibition on the reservation of capacity for prior notice projects. Instead, *Midwestern* and *Gulf South* found that the pipelines had not justified their proposals. Here, however, Questar has adequately justified its proposal concerning the reservation of capacity for prior notice projects. Questar has shown that the transparency to shippers, as well as other procedural safeguards are equivalent to those available under a NGA section 7(c) proceeding, and will reasonably protect shippers' ROFR rights. Questar's proposal would require, prior to capacity being reserved for both prior notice and NGA section 7(c) applications, that Questar post all available capacity for bidding and award, post notice to the public that the capacity was being reserved, and hold an open season prior to the project commencing. Because the prior notice application is filed when the project is ready to be constructed, use of the prior notice application saves time and resources and ensures that capacity is not unduly withheld from the market. The streamlined procedures will thus facilitate the more rapid and efficient completion of smaller projects. Finally, the 60-day comment period provides additional transparency and, if concerns are not resolved, the prior notice filing is treated as an NGA section 7(c) application. Therefore, Questar's tariff record, referenced in n.1, is accepted, effective September 1, 2015.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.