

153 FERC ¶ 61,291  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;  
Cheryl A. LaFleur, Tony Clark,  
and Colette D. Honorable.

Paiute Pipeline Company

Docket Nos. CP14-509-002  
RP16-174-000

ORDER AMENDING CERTIFICATE AND ON COMPLIANCE

(Issued December 14, 2015)

1. On November 6, 2015, Paiute Pipeline Company (Paiute) made two filings.<sup>1</sup> In Docket No. CP14-509-002, Paiute filed an application pursuant to section 7(c) of the Natural Gas Act (NGA) to amend the certificate authorization issued by the Commission on May 14, 2015, for the Elko Area Expansion Project.<sup>2</sup> In that filing, Paiute seeks to amend its initial rates to reflect changes to the cost of service. On the same day, Paiute filed in Docket No. RP16-174-000 tariff records to implement the services and rates for the project, either as originally certificated or as amended. Paiute requests a December 15, 2015 effective date, the date the project will go into service. The Commission grants the requested amendment and conditionally accepts the proposed tariff records implementing the amended certificate, effective December 15, 2015.

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<sup>1</sup> We note that Paiute's Portable Document Format (PDF) supporting documents failed to comply with the Commission's requirements regarding text-searchable formats. These PDF documents must be either created through the print-to-PDF process or saved after applying Optical Character Recognition. *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276, at n.29 (2008) (citing *Filing Via the Internet*, Order No. 703, FERC Stats. & Regs. ¶ 31,259, at P 23 (2007)) (noting Order No. 703's requirements for the filing of electronic documents apply to eTariff filed documents). The Commission expects Paiute to comply with these requirements with all its future electronically filed documents.

<sup>2</sup> *Paiute Pipeline Co.*, 151 FERC ¶ 61,132 (2015) (May 14 Order).

## **I. Background**

2. The May 14 Order authorized Paiute to construct and operate approximately 35.2 miles of 8-inch-diameter pipeline extending from a new interconnection with Ruby Pipeline, LLC's (Ruby) existing Wieland Flat Compressor Station to Paiute's Elko City Gate (the Adobe Lateral) and to modify facilities at its Elko City Gate. The Elko Area Expansion Project will enable Paiute to provide 21,994 dekatherms (Dth) per day of incremental firm transportation service to Southwest-Northern Nevada and Newmont Mining Corporation.

3. The May 14 Order approved Paiute's request for incremental rates. However, the Commission required Paiute to revise its proposed initial rates to reflect the removal of certain costs, and the Commission rejected Paiute's proposal to prohibit shippers from trading imbalances between the existing system and the expansion facilities.

4. On June 12, 2015, Paiute filed a request for rehearing of certain of the Commission's rate determinations in the May 14 Order. Concurrently with this order, the Commission is issuing an order granting rehearing of the May 14 Order in part (December 14 Rehearing Order). More specifically, the December 14 Rehearing Order accepts Paiute's proposal to include incremental Administrative and General (A&G) costs in its initial rates, accepts Paiute's proposal to charge its current system IT rate on the expansion system, and dismisses as moot Paiute's argument about imbalance trading. Thus, this order addresses Paiute's filings in CP14-509-002 and RP16-174-000 to the extent they are consistent with the December 14 Rehearing Order. However, Paiute will need to file additional new tariff sheets in compliance with the December 14 Rehearing Order.

## **II. Docket No. CP14-509-002**

### **1. Proposal**

5. On November 6, 2015, Paiute proposed to amend its certificated initial monthly reservation charge from an estimated \$21.6374 to \$20.2824 per Dth for Rate Schedule FT-1 service. Paiute states that the revised initial rates reflect:

- An increase in capital costs from \$34,741,346 to \$35,249,806;
- An increase in estimated Operation and Maintenance (O&M) and A&G expenses to reflect a revised twelve-month period;
- A decrease in the underlying pre-tax return of 12.51 percent to 11.50 percent, and a revision to the capital structure and associated income taxes to reflect those

which Paiute states were used in the recently approved settlement in Docket No. RP14-540-000;<sup>3</sup>

- Depreciation rates as approved in the Rate Settlement;
- Accumulated Deferred Income Taxes recalculated to reflect the Rate Settlement's depreciation rates; and
- Other tax rates which Paiute states were contained in its Docket No. RP14-540-000 application.

6. Paiute states that its amended cost of service reflects the removal of certain O&M and A&G costs as required by the Commission's May 14 Order. However, as noted above, the December 14 Rehearing Order accepts Paiute's inclusion of incremental A&G costs. Thus, Paiute will need to revise its cost of service consistent with the findings in the December 14 Rehearing Order.

## **2. Notice, Interventions, and Comments**

7. Notice of Paiute's application for certificate amendment was issued November 17, 2015, with comments due November 27, 2015.<sup>4</sup> No motions to intervene, adverse comments or protests to the application were filed.

## **3. Discussion**

8. Because revising the initial incremental recourse rates requires amending the authorization issued in the May 14 Order, the applicant's request is subject to the jurisdiction of the Commission and the requirements of NGA sections 7(c) and (e).

9. The May 14 Order found, consistent with the criteria discussed in the Commission's Certificate Policy Statement,<sup>5</sup> and as conditioned by the order, that

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<sup>3</sup> The settlement was filed November 14, 2014 (Rate Settlement). Rate Settlement approved at *Paiute Pipeline Co.*, 150 FERC ¶ 61,078 (2015). The Rate Settlement provides that the agreed upon cost of services are stated on a "black box" basis with the individual cost of service components not specified; however, the parties agreed that the cost of service levels reflect an 11.5 percent pre-tax rate of return. Rate Settlement at Article 2.2. Paiute did not cite a source in the Rate Settlement for its proposed capital structure or income tax rates.

<sup>4</sup> 80 Fed. Reg. 72,956 (2015).

<sup>5</sup> *Certification of New Interstate Natural Gas Pipeline Facilities*, 88 FERC ¶ 61,227 (1999), *clarified*, 90 FERC ¶ 61,128, *further clarified*, 92 FERC ¶ 61,094 (2000) (Certificate Policy Statement).

Paiute's proposal was in the public convenience and necessity. The proposed amendment does not alter that finding. We will approve Paiute's proposed revised monthly Rate Schedule FT-1 reservation charge, subject to the findings in the December 14 Rehearing Order.

10. None of this order's findings changes Paiute's certificate authorization granted by the May 14 Order. Accordingly, the Commission's action herein qualifies for the categorical exclusion from the need for environmental review set forth in section 380.4(a)(27) of the Commission's regulations.<sup>6</sup>

### **III. Docket No. RP16-174-000**

#### **1. Proposal**

11. On November 6, 2015, Paiute filed actual tariff records in compliance with the May 14 Order. Paiute filed two complete alternative sets of tariff records.<sup>7</sup> Paiute explains that one set reflects initial rates calculated in conformance with the requirements of the May 14 Order. For this alternative, Paiute states the Rate Schedule FT-1 initial monthly reservation charge for service on the Adobe Lateral would be \$20.0000 per Dth. In the event the Commission grants the amendment to the May 14 Order's certificate as proposed in Docket No. CP14-509-002, Paiute proposes an initial monthly reservation charge of \$20.2824 per Dth.<sup>8</sup>

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<sup>6</sup> 18 C.F.R. § 380.4(a)(27) (2015).

<sup>7</sup> See Appendix for a list of the tariff records. While Paiute claims to have filed two sets of alternative tariff records, it actually filed them as a single Option A set. These alternative sets of tariff records should have been filed as Option A and Option B. Paiute is required to follow the Commission's electronic tariff filing instructions as provided in *Implementation Guide for Electronic Filing of Parts 35, 154, 284, 300, and 341 Tariff Filings*, v. September 11, 2015, <http://www.ferc.gov/docs-filing/etariff/implementation-guide.pdf>.

<sup>8</sup> Paiute states that it provided workpapers in support of its rate calculations in electronic spreadsheet format. Paiute's Application in Docket No. RP16-174-000, Transmittal Letter at 4. However, the spreadsheet and workpapers that Paiute filed only support the Transmittal Letter's proposed reservation charge of \$21.6374 per Dth. Paiute did not supply supporting workpapers in either Appendix A or the spread sheet in support of the tariff records' proposed reservation charges of \$20.0000 per Dth or the alternative \$20.2824 per Dth.

12. As the May 14 Order approved an interruptible rate for transportation on the Adobe Lateral, Paiute proposes a new Rate Schedule IT-2 and *pro forma* service agreement for interruptible service with a receipt point at Jade Flats to any delivery point on Paiute's system. In addition, Paiute proposed to modify tariff records throughout its tariff to reflect the new Adobe Lateral line services.

## **2. Notice, Interventions, and Comments**

13. Public notice of this filing was issued on November 23, 2015.<sup>9</sup> Interventions and protests were due as provided in section 154.210 of the Commission's regulations.<sup>10</sup> Pursuant to Rule 214,<sup>11</sup> all timely filed motions to intervene and any unopposed motion 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.

## **3. Discussion**

14. Paiute filed two alternative sets of tariff records, depending on whether or not the Commission granted the amendment requested in Docket No. CP14-509-002. As discussed above, the Commission grants the amendment. The Commission conditionally accepts the set of tariff records that reflects the amended certificate, as shown on the Appendix below. All tariff records not in compliance with the May 14 Order, as amended above, are rejected as shown in the Appendix to this order.

15. The May 14 Order approved an initial incremental rate applicable to service on the Adobe Lateral.<sup>12</sup> As Paiute did not propose an initial rate for interruptible service on the Adobe Lateral, the Commission required Paiute to establish an initial interruptible transportation charge equal to a 100 percent load factor of the firm transportation rate for service on the lateral.<sup>13</sup> Paiute requested rehearing of this requirement, arguing that it intended to use its existing system IT rate for service on the proposed project because the project's facilities are integrated with its system and Paiute uses postage stamp rates. However, Paiute, in its compliance filing, proposes a new Rate Schedule IT-2 for all

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<sup>9</sup> 80 Fed. Reg. 72,956 (2015).

<sup>10</sup> 18 C.F.R. § 154.210 (2015).

<sup>11</sup> 18 C.F.R. § 385.214 (2015).

<sup>12</sup> May 14 Order, 151 FERC ¶ 61,132 at Ordering Paragraph (F).

<sup>13</sup> May 14 Order, 151 FERC ¶ 61,132 at Ordering Paragraph (G).

interruptible service with a receipt point at Jade Flats that will permit delivery at any point on Paiute's system. As noted above, the December 14 Rehearing Order grants rehearing on this issue. As a result, Paiute's proposed Rate Schedule IT-2 is no longer necessary, and accordingly, the Commission rejects that proposal subject to the compliance requirements of the December 14 Rehearing Order.

The Commission orders:

(A) The certificate issued in the May 14 Order is amended, as discussed in the body of this order. In all other respects, the certificate is unchanged.

(B) The proposed Paiute revised Rate Schedule FT-1 initial rate is approved, as discussed in the body of this order.

(C) Tariff records consistent with the May 14, 2015 order, as amended above, are accepted, subject to conditions, effective December 15, 2015, and the remaining tariff records are rejected, as shown on the Appendix.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

**Appendix**

**Paiute Pipeline Company  
FERC NGA Gas Tariff  
Paiute Pipeline Company  
Tariff Records Accepted, subject to conditions, effective December 15, 2015:**

<a href="#">Table of Contents, Table of Contents, 4.1.0</a>
<a href="#">Statement of Rates, Statement of Rates, 6.1.0</a>
<a href="#">Footnotes, Statement of Rates, 3.1.0</a>
<a href="#">Future Use, Future Use, 0.1.0</a>
<a href="#">Pg 3 - Section 3.2, FT-1 Transportation Svc, 5.1.0</a>
<a href="#">Pg 4 - Sections 3 - 5, FT-1 Transportation Svc, 5.1.0</a>
<a href="#">Pg 5 - Sections 5.1 - 6.2, FT-1 Transportation Svc, 3.1.0</a>
<a href="#">Pg 1 - Sections 1 - 2.1, IT-1 Transportation Svc, 3.1.0</a>
<a href="#">Pg 1 - Sections 1 - 2.1, IT-2 Transportation Svc, 3.1.0</a>
<a href="#">Pg 2 - Sections 2.2 - 3.1, IT-2 Transportation Svc, 0.1.0</a>
<a href="#">Pg 3 - Sections 3.2 - 5.2, IT-2 Transportation Svc, 0.1.0</a>
<a href="#">Pg 4 - Sections 5.3 - 9, IT-2 Transportation Svc, 0.1.0</a>
<a href="#">Future Use, Future Use, 0.1.0</a>
<a href="#">Definitions 1.27 - 1.34, GTC - Definitions, 3.1.0</a>
<a href="#">Section 4.2 Scheduling, GTC - Operating Procedures, 3.1.0</a>
<a href="#">Section 4.2 Scheduling, GTC - Operating Procedures, 3.1.0</a>
<a href="#">Section 4.2 (c)-(d), GTC - Operating Procedures, 3.1.0</a>
<a href="#">Section 4.2 (d)(1), GTC - Operating Procedures, 3.1.0</a>
<a href="#">Section 4.2 (2) a-d, GTC - Operating Procedures, 3.1.0</a>
<a href="#">Section 4.5 (a)-(c), GTC - Operating Procedures, 3.1.0</a>
<a href="#">Sections 4.5 - 4.6, GTC - Operating Procedures, 3.1.0</a>
<a href="#">Section 4.7 (a)-(b), GTC - Operating Procedures, 3.1.0</a>
<a href="#">Section 5.1 (a)-(b), GTC - Balancing Penalties - Daily Contract Overrun, 3.1.0</a>
<a href="#">Sections 5.1 - 5.2, GTC - Balancing Penalties - Entitlement, 3.1.0</a>
<a href="#">Sections 5.2 - 5.3, GTC - Balancing Penalties - Entitlement, 3.1.0</a>
<a href="#">Section 5.3 (c)(1)-(2), GTC - Balancing Penalties - Balancing, 3.1.0</a>
<a href="#">Section 5.3 (c)(3)-(d), GTC - Balancing Penalties - Balancing, 3.1.0</a>
<a href="#">Section 5.4 (b)-(c), GTC - Balancing Penalties - General Provisions, 3.1.0</a>
<a href="#">Sections 5.4 (d) - 5.5, GTC - Balancing Penalties - General Provisions, 3.1.0</a>
<a href="#">Sections 7.2 - 7.3, GTC - Procedures to Obtain Service, 3.1.0</a>
<a href="#">Pg 1, 1 - 6, Form 25.1: Transportation/Storage Svc Request, 3.1.0</a>
<a href="#">Pg 2, 6 - 8, Form 25.1: Transportation/Storage Svc Request, 3.1.0</a>
<a href="#">Pg 1 - Articles I - III, IT-1 Service Agreement Form, 3.1.0</a>
<a href="#">Pg 1 - Articles I - III, IT-2 Service Agreement Form, 1.1.0</a>
<a href="#">Pg 2 - Articles IV - VI, IT-2 Service Agreement Form, 0.1.0</a>

<a href="#">Pg 3 - Articles VII - IX, IT-2 Service Agreement Form, 0.1.0</a>
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**Rejected Tariff Records:**

<a href="#">Table of Contents, Table of Contents, 4.0.0</a>
<a href="#">Statement of Rates, Statement of Rates, 6.0.0</a>
<a href="#">Footnotes, Statement of Rates, 3.0.0</a>
<a href="#">Future Use, Future Use, 0.0.0</a>
<a href="#">Pg 3 - Section 3.2, FT-1 Transportation Svc, 5.0.0</a>
<a href="#">Pg 4 - Sections 3 - 5, FT-1 Transportation Svc, 5.0.0</a>
<a href="#">Pg 5 - Sections 5.1 - 6.2, FT-1 Transportation Svc, 3.0.0</a>
<a href="#">Pg 1 - Sections 1 - 2.1, IT-1 Transportation Svc, 3.0.0</a>
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<a href="#">Pg 2 - Sections 2.2 - 3.1, IT-2 Transportation Svc, 0.0.0</a>
<a href="#">Pg 3 - Sections 3.2 - 5.2, IT-2 Transportation Svc, 0.0.0</a>
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<a href="#">Section 4.2 (d)(1), GTC - Operating Procedures, 3.0.0</a>
<a href="#">Section 4.2 (2) a-d, GTC - Operating Procedures, 3.0.0</a>
<a href="#">Section 4.5 (a)-(c), GTC - Operating Procedures, 3.0.0</a>
<a href="#">Sections 4.5 - 4.6, GTC - Operating Procedures, 3.0.0</a>
<a href="#">Section 4.7 (a)-(b), GTC - Operating Procedures, 3.0.0</a>
<a href="#">Section 5.1 (a)-(b), GTC - Balancing Penalties - Daily Contract Overrun, 3.0.0</a>
<a href="#">Sections 5.1 - 5.2, GTC - Balancing Penalties - Entitlement, 3.0.0</a>
<a href="#">Sections 5.2 - 5.3, GTC - Balancing Penalties - Entitlement, 3.0.0</a>
<a href="#">Section 5.3 (c)(1)-(2), GTC - Balancing Penalties - Balancing, 3.0.0</a>
<a href="#">Section 5.3 (c)(3)-(d), GTC - Balancing Penalties - Balancing, 3.0.0</a>
<a href="#">Section 5.4 (b)-(c), GTC - Balancing Penalties - General Provisions, 3.0.0</a>
<a href="#">Sections 5.4 (d) - 5.5, GTC - Balancing Penalties - General Provisions, 3.0.0</a>
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