

154 FERC ¶ 61,051
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Transwestern Pipeline Company, LLC

Docket No. RP16-329-000

ORDER ACCEPTING AND SUSPENDING TARIFF RECORDS SUBJECT TO
REFUND AND ESTABLISHING A TECHNICAL
CONFERENCE

(Issued January 28, 2016)

1. On December 30, 2015, Transwestern Pipeline Company, LLC (Transwestern) filed a tariff record¹ to implement a maximum Btu limit, where none existed before, in the General Terms and Conditions (GT&C), section 2.1K of its tariff. Transwestern proposes a maximum total heating value of not more than 1,110 Btu per standard cubic foot (scf). Transwestern requests that the tariff record be placed into effect as of February 1, 2016 or after the end of the suspension period. As discussed below, the Commission accepts and suspends the tariff record to be effective July 1, 2016, subject to refund and the outcome of a technical conference established in this order.

Background

2. On June 22, 2015, Transwestern filed an uncontested Stipulation and Agreement of Settlement (Settlement) to resolve those issues in Transwestern's general rate case filing in Docket No. RP15-23-000, *et al.*, which the Commission had set for hearing.² The Commission approved the Settlement on October 15, 2015.³ The Settlement resolved certain issues and by agreement of the parties provided for further process to resolve the Btu content/heating value issue that is the subject of this order.

¹ Transwestern Pipeline Company, LLC, FERC NGA Gas Tariff, Fifth Revised Volume No. 1, [GT&C Section 2., Quality, 3.0.0.](#)

² *Transwestern Pipeline Co. LLC*, 149 FERC ¶ 61,094 (2014).

³ *Transwestern Pipeline Co. LLC*, 153 FERC ¶ 61,039 (2015).

Proposal

3. Transwestern proposes to implement a requirement that all gas delivered into its system at a receipt point would have a maximum heating value of not more than 1,110 Btu/scf. In Transwestern's section 4 rate proceeding, Transwestern had proposed to implement a maximum heating value of not more than 1,200 Btu/scf. Transwestern explained that one shipper, New Mexico Gas Company (NMGC), opposed the proposal and argued that the Commission should impose an interim maximum heating value of not more than 1,100 Btu/scf. Transwestern states that NMGC argued that without the interim standard, NMGC would be required to install blending or other processing facilities at its delivery points on the Transwestern system. The Settlement committed the parties to meet and attempt to develop a maximum heating value specification that was acceptable to all parties that supported or did not oppose the Settlement.

4. Specifically, Article V, section 1 of the Settlement, provided that Transwestern was to meet with shippers to provide procedures for resolving the issues of maximum Btu content in the gas stream. The Settlement provided that if the parties did not reach agreement on this matter by January 1, 2016, Transwestern would file to implement tariff provisions applicable to such unresolved matters to be effective following the end of the suspension period and Commission's review and approval of such tariff provisions. The Settlement also required Transwestern to request that the Commission hold a technical conference on such unresolved matters. Transwestern states it held several meetings with shippers to discuss the basis and reason for implementing a maximum Btu limit in the tariff. The parties were unable to reach consensus on the matter.

5. Transwestern states that in evaluating heating value data from the past thirteen-month period for all of its active receipt points in its various segments of San Juan, Panhandle, East Thoreau and West Texas, it noted its West Texas receipt points had the highest heating value gas. Transwestern expanded its analysis to include the period beginning January 1, 2013 for its West Texas segment. Transwestern states that areas with rich gas were blending into mainline gas before reaching the nearest delivery points. Transwestern's analysis showed that the single highest blended heating value measurement was 1,103 Btu/scf for its West Texas segment. Transwestern also states the highest blended heating value delivered to NMGC during the reviewed time period was 1,101 Btu/scf at the Curry/Clovis point. Transwestern thus determined that a proposed maximum heating value standard of 1,110 Btu/scf in GT&C, section 2.1K of its tariff is just and reasonable.

Notice of Filing, Interventions, and Protests

6. Public notice of Transwestern's filing was issued on December 30, 2015. Interventions and protests were due as provided in section 154.210 of the Commission's

regulations.⁴ Pursuant to Rule 214,⁵ 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.

7. The following parties filed protests challenging numerous aspects of Transwestern's filing: Pacific Gas and Electric Company (PG&E); Agave Energy Corporation (Agave) and Indicated Shippers.⁶ These parties request that the Commission suspend Transwestern's filing for the maximum five months and set it for technical conference. Indicated Shippers requested summary rejection and argued against the Commission holding a technical conference. New Mexico Gas Company, Inc.; Southern California Gas Company; and San Diego Gas & Electric Company also filed comments.

8. On January 15, 2015, Transwestern filed a limited answer in response to the Indicated Shippers' request for summary rejection. While the Commission's regulations generally prohibit answers to protests,⁷ the Commission will accept Transwestern's answer because it contains additional information that provides the Commission with a more complete record on which to base its decision.

9. Protesters to the instant filing raise issues related to the safety and system integrity of their systems. For example, protesters complain Transwestern's proposal to implement a maximum heating value is not consistent with the Gas Quality Policy Statement.⁸ PG&E asserts that if Transwestern were to deliver gas of such a high heating value to PG&E, it could cause significant problems on PG&E's system. Agave also argues that Transwestern's proposal is not supported by data, not consistent with the majority of Btu standards in the tariffs of interconnecting pipelines, potentially costly to shippers, and not reflective of any consensus among Transwestern's shippers.

⁴ 18 C.F.R. § 154.210 (2015).

⁵ 18 C.F.R. § 385.214 (2015).

⁶ Indicated Shippers include BP Energy Company, ConocoPhillips Company, SWEPI LP, and Shell Energy North America (US), L.P.

⁷ 18 C.F.R. § 385.213 (2015).

⁸ *Policy Statement on Provisions Governing Natural Gas Quality and Interchangeability in Interstate Natural Gas Pipeline Company Tariffs*, 115 FERC ¶ 61,325 (2006).

Discussion

10. Transwestern's proposal to implement a 1,110 Btu/scf maximum heating value in GT&C, section 2.1K of its tariff raises a number of technical, engineering, and operational issues that are best addressed at a technical conference. At the technical conference, Commission Staff and parties will have an opportunity to further discuss Transwestern's justification and support for its proposed maximum Btu limit.

11. At the technical conference, Transwestern should be prepared to address the concerns raised by the parties in this proceeding and, if necessary, to provide additional technical, engineering, and operational support for its proposed maximum Btu limit. In addition, any party proposing alternatives to Transwestern's proposal should also be prepared to support its position with adequate technical, engineering, and operational information. Based upon its analysis of the information provided in this proceeding, the Commission Staff may issue data requests prior to the technical conference, and/or a notice of the technical conference containing questions that need to be addressed by Transwestern or other parties at the conference. The Commission Staff is accordingly directed to convene a technical conference to explore the issues raised by the filing, and to report the status of its assessment of the conference to the Commission within 120 days after the issuance of this order.

Suspension

12. Based on a review of the filing, the Commission finds that Transwestern's proposed tariff record has not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, the Commission will accept and suspend the effectiveness of the tariff record until July 1, 2016, subject to refund, and the outcome of the technical conference proceedings ordered herein.

13. The Commission's policy regarding suspension is that tariff filings generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or inconsistent with other statutory standards.⁹ It is recognized, however, that shorter suspensions may be warranted in circumstances where suspension for the maximum period may lead to harsh and inequitable results.¹⁰ Such circumstances do not exist here.

⁹ See *Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month suspension).

¹⁰ See *Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (one-day suspension).

14. The Commission therefore accepts and suspends for the maximum suspension period, Transwestern's tariff record to be effective July 1, 2016, subject to refund, and the outcome of the technical conference proceedings ordered herein.

The Commission orders:

(A) The proposed tariff record is accepted and suspended, to be effective, upon motion, July 1, 2016, subject to refund and the outcome of the technical conference established in this order.

(B) The Commission Staff is directed to convene a technical conference to explore the issues raised by the filing, and to report on the conference to the Commission within 120 days of the issuance of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.