

155 FERC ¶ 61,232
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Alliance Pipeline L.P.

Docket Nos. RP16-292-001
RP15-1022-006

ORDER ON REHEARING

(Issued June 2, 2016)

Background

1. On May 29, 2015, Alliance Pipeline L.P. (Alliance) filed, among other things, to remove Authorized Overrun Service (AOS) from its tariff (May 2015 Filing). On November 19, 2015,¹ the Commission issued an order directing Alliance to maintain the availability of and provisions for AOS in its tariff, and to accord AOS the same scheduling and curtailment priorities as interruptible transportation service.² On March 3, 2016, the Commission issued an order accepting Alliance's December 9, 2015 filing (December 2015 Filing) to comply with the November 19 Order.³
2. BP Canada Energy Marketing Corp. (BP Canada) sought rehearing of the March 3 Order, arguing that certain provisions of the December 2015 Filing do not comply with the directives of the November 19 Order. Specifically, BP Canada requests that the Commission reject the portion of the December 2015 Filing imposing a new cap on AOS nominations and order Alliance to reinstate the iterative AOS allocation process

¹ *Alliance Pipeline L.P.*, 153 FERC ¶ 61,195 (2015) (November 19 Order).

² *Id.* PP 44, 55-56.

³ *Alliance Pipeline L.P.*, 154 FERC ¶ 61,159 (2016) (March 3 Order).

as it existed prior to Alliance's May 2015 Filing. As explained below, we grant, in part, and deny, in part, BP Canada's request for rehearing.

Discussion

3. BP Canada raises two main points in its request for rehearing. First, BP Canada argues that, in the December 2015 Filing, Alliance did not merely reinstate AOS and modify AOS's scheduling and curtailment priorities as directed by the Commission, but instead introduced new limitations on AOS that did not exist prior to the May 2015 Filing.⁴ Specifically, section 2.6 of Rate Schedule FT-1 of the December 2015 Filing stated that available AOS is "expressed as a percentage of the Contracted Capacity" in a shipper's firm transportation agreement, and that a shipper's nominations are capped "up to an amount equivalent to its Contracted Capacity multiplied by the above posted Authorized Overrun Service percentage."⁵ As BP Canada notes, prior to the May 2015 Filing, Alliance's tariff did not impose a cap on AOS nominations. Moreover, BP Canada argues that this new language could permit Alliance to arbitrarily set the percentage cap it now seeks to impose.⁶ BP Canada explains that Alliance could post a percentage of Contracted Capacity equal to zero, for example, and as a result, no AOS would be available, even in cases where a large volume of capacity might go unused. BP Canada also notes that Alliance can effectively eliminate AOS nominations by posting a zero or nominal percentage, thereby granting interruptible transportation services a greater priority than AOS, in contravention of the Commission's directive that AOS will have the same scheduling and curtailment priorities as interruptible transportation service.⁷

4. The March 3 Order found that section 2.6 did not differ substantively from that which existed in Alliance's tariff prior to its May 2015 Filing.⁸ Upon further consideration, we grant rehearing and find that Alliance did not comply with the directive in the November 19 Order. Specifically, we agree with BP Canada that Alliance added two additional phrases to section 2.6 of Rate Schedule FT-1 (AOS service is "expressed as a percentage of the Contracted Capacity" in a shipper's firm transportation agreement,

⁴ Rehearing Request at 10.

⁵ *Id.* at 11.

⁶ *Id.* at 13.

⁷ *Id.* (citing November 19 Order, 153 FERC ¶ 61,195 at P 56).

⁸ March 3 Order, 154 FERC ¶ 61,159 at P 14.

and that a firm shipper may nominate AOS in excess of a shipper's Contracted Capacity "up to an amount equivalent to its Contracted Capacity multiplied by the above posted Authorized Overrun Service percentage") that were not present in the tariff prior to the May 2015 Filing. The effect of these quoted phrases is to place a new limit on AOS scheduling nominations that is contrary to the November 19 Order's requirement that Alliance modify its tariff to accord AOS the same scheduling and curtailment priorities as interruptible transportation service. Therefore, Alliance's addition of the quoted phrases does not comply with the directive to continue to offer AOS service under Rate Schedule FT-1, while modifying its tariff to accord AOS service the same scheduling and curtailment priority as interruptible service.⁹ Accordingly, we direct Alliance to file a compliance filing within 15 days of the date of this order to remove the above-quoted phrases from section 2.6 of Rate Schedule FT-1.

5. Second, BP Canada contends that the Commission erred in accepting Alliance's removal of section 12.3 of the General Terms and Conditions (GT&C), which contained an iterative allocation process for AOS. In the November 19 Order, we found that the existing provisions in GT&C sections 12, 13, and 15 were unjust and unreasonable because they provided a scheduling and curtailment priority for AOS over other interruptible service. We therefore directed Alliance to modify those sections of its GT&C to provide that AOS will have the same scheduling and curtailment priorities as interruptible transportation service under Rate Schedule IT-1.¹⁰ In response, Alliance eliminated the iterative allocation process in section 12.3 and revised sections 12.1 and 12.2 to ensure that Rate Schedule IT-1 and AOS quantities would be allocated together on the basis of rate paid, from highest to lowest, with *pro rata* allocation when the rate paid is equal. These revisions comply with the directives in the November 19 Order. Accordingly, we deny BP Canada's request for rehearing as it relates to section 12.3 of the tariff.

The Commission orders:

(A) BP Canada's request for rehearing is hereby granted in part and denied in part, consistent with the discussion above.

⁹ November 19 Order, 153 FERC ¶ 61,195 at P 44.

¹⁰ *Id.* P 56.

(B) Alliance shall, within 15 days of the date of this order, file revised tariff records to be effective December 1, 2015, consistent with the directives of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.