120 FERC 61,136
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Suedeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Docket Nos. RP07-169-000
RP07-169-001

Questar Overthrust Pipeline Company

ORDER ON TARIFF FILINGS

(Issued August 6, 2007)

1. This order addresses Questar Overthrust Pipeline Company's (Overthrust) proposed revisions to its gas quality specifications. Specifically, Overthrust proposes a 15 degree Fahrenheit cricondentherm hydrocarbon dew point (CHDP) limit. For the reasons discussed below, we find that Overthrust has adequately supported its proposed revisions and direct that it file the *pro forma* tariff sheets as actual tariff sheets, to be effective January 1, 2008.

I. <u>Background</u>

2. Overthrust anticipates placing into service on January 1, 2008, its new expansion pipeline (Wamsutter Expansion[1]) that will extend from the eastern terminus of its existing pipeline system at Kanda, near Rock Springs, Wyoming eastward to an interconnection with Rockies Express Pipeline LLC (Rockies Express) at Wamsutter, Wyoming. Upon completion of the expansion, an incremental volume of 750,000 Dth/day of natural gas will flow from processing plants at Opal, Wyoming eastward for deliveries to interconnections with Wyoming Interstate Company, Ltd. (WIC) at Kanda of 125,000 Dth/day and to Rockies Express at Wamsutter of 625,000 Dth/day.

3. Overthrust states that the Wamsutter Expansion will introduce large volumes of gas and create complex flow patterns on its system, and will significantly reduce Overthrust's ability to manage CHDP levels by blending alone. Therefore, Overthrust has entered into interconnection agreements with each receipt point operator in the Opal,

[1] *Rockies Express Pipeline LLC*, 119 FERC ¶ 61,069 (2007)

Wyoming area to insure that gas received into its system from these processing plants will have a CHDP of no higher than 15 degrees Fahrenheit. However, Overthrust asserts that it will still require additional means with which to manage the CHDP of gas delivered to downstream pipelines along the entire length of the system. Overthrust has therefore proposed to institute a 15 degree Fahrenheit CHDP Safe Harbor provision in its tariff.

4. The Safe Harbor provision provides that Overthrust will accept all deliveries of natural gas having a CHDP equal to or less than 15 degrees Fahrenheit, provided that such gas satisfies all other applicable provisions of Overthrust's FERC Gas Tariff.

5. The provision would also allow Overthrust to identify CHDP zones on its system where, in its sole determination, when operationally feasible, it can establish and post on its Internet web site a CHDP Limit that may be higher than the Safe Harbor. Overthrust would do so only where the resulting blended gas stream will be accepted by downstream interconnecting pipelines and the blended gas will not result in condensation of free hydrocarbon liquids in Overthrust's pipeline. Overthrust claims that this flexibility will enable it to maximize throughput and still meet downstream pipeline CHDP requirements.

6. The posted CHDP Limit would apply to all receipt points within a CHDP zone. Overthrust states that it would provide as much prior notice of changes to its CHDP limits as possible and would attempt to provide at least two days notice prior to a Cycle One nomination deadline. However, Overthrust states that unanticipated events may require it to reduce CHDP Limits on short notice. Overthrust would post a notice of such events and the resulting reductions on its Internet web site. In no event would Overthrust post a CHDP Limit that is lower than its Safe Harbor level of 15 degrees Fahrenheit.

7. Overthrust initially proposes eight CHDP zones where it can adjust the limit upward as operationally feasible. As conditions change, Overthrust states that the CHDP zones may require adjustments. Overthrust will post notice of any changes to the CHDP zones on its web site 30 days prior to implementation.

8. Overthrust asserts that its Safe Harbor provision complies with the Commission's *Policy Statement on Provisions Governing Natural Gas Quality and Interchangeability in Interstate Natural Gas Pipeline Company Tariffs* (Policy Statement) [2] as well as the *White Paper on Liquid Hydrocarbon Dropout in Natural Gas Infrastructure* (HDP White

[2] 115 FERC ¶ 61,325 (2006).

Paper).[3] Overthrust states that it followed the recommendations and procedures set forth in the *Policy Statement* and HDP White Paper and that it has set up a process that is fair and transparent and ensures that Overthrust can meet its delivery obligations to downstream pipelines.

II. Motions to Intervene and Comments

9. This filing was noticed on February 20, 2007, with interventions and protests due February 26, 2007. BP Energy Company and Chevron USA Inc. filed motions to intervene. Indicated Shippers[4] filed a motion to intervene with comments. WIC filed a motion to intervene with conditional comments in support of the filing. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2006)), all timely filed motions to intervene and any 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.

III. Comments of the Indicated Shippers and WIC

10. WIC filed comments stating that it would support the filing so long as the effective date was changed to January 1, 2008. WIC claims that a March 12, 2007 effective date would be unnecessarily burdensome to WIC and its shippers. WIC states that if a January 1, 2008 effective date is not accepted, it reserves the right to file additional protests and comments.

11. Indicated Shippers filed comments that the "Safe Harbor" provision proposed by Overthrust is not truly a CHDP Safe Harbor but rather a CHDP limit. Indicated Shippers requests that Overthrust remove references to a Safe Harbor in its tariff and insert the more appropriate "CHDP limit." Alternatively, if Overthrust intends to apply the 15 degrees Fahrenheit limit as a Safe Harbor, Indicated Shippers requests that Overthrust implement tariff procedures for establishing non-discriminatory CHDP limits subject to the CHDP Safe Harbor. Indicated Shippers also request that Overthrust allow shippers to comply with CHDP limits through the pairing of gas supplies.

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[3] NGC+ Liquid Hydrocarbon Drop Out Task Group, February 28, 2005.

[4] Indicated Shippers is made up of the following companies, BP America Production Company, BP Energy Company, and Chevron U.S.A. Inc.

IV. Responses by Overthrust

12. On February 27, 2007, in Docket No. RP07-169-001, Overthrust revised the proposed effective date of the tariff from March 12, 2007, to January 1, 2008 in response to the filing by WIC. This filing was noticed on March 7, 2007 with protests and interventions due on March 14, 2007. No protests or notices of intervention were filed.

13. On March 6, 2007 Overthrust filed a response to the comments made by WIC and Indicated Shippers, agreeing that both the request for clarification by Indicated Shippers and the request for a change in effective date by WIC were reasonable requests and would be made. Overthrust's response contained *pro forma* tariff sheets reflecting the changes requested by Indicated Shippers and WIC. Overthrust stated, however, that Indicated Shippers' request to allow shippers to meet the CHDP standards by pairing gas was neither timely nor workable. Overthrust indicated that it has already made arrangements with gas processing plants and interconnected pipelines to ensure that no non-conforming gas entered into the system. Overthrust also stated that it would be very difficult, if not impossible, to actually accomplish the blending of high CHDP gas with low CHDP gas required for pairing because of complex flow patterns on the system.

V. Data Request

14. On April 12, 2007 the Commission issued a data request seeking additional information from Overthrust to support its proposed tariff modifications. Overthrust's May 14, 2007 response to the data request included: (i) historical receipt and delivery volumes, pressures, and CHDP levels, (ii) current flow paths on Overthrust's system, (iii) prospective operations of Overthrust's system after the Wamsutter Expansion is placed into service, and (iv) notices from downstream interconnecting pipelines regarding curtailments when Overthrust's deliveries were at a CHDP greater than 15 degrees Fahrenheit.

VI. Discussion

15. In its *Policy Statement*, the Commission provided direction for addressing gas quality and interchangeability concerns. The *Policy Statement* states "pipeline tariff provisions on gas quality and interchangeability need to be flexible to allow pipelines to balance safety and reliability concerns with the importance of maximizing supply," and that "pipelines and their customers should develop gas quality and interchangeability specifications based on technical requirements."

16. The Commission finds the proposed tariff revisions to be just and reasonable. The Commission finds Overthrust's proposed 15 degree CHDP limit to be consistent with the *Policy Statement*. As shown in Overthrust's May 14, 2007 response to the Commission's April 12, 2007 data request, Overthrust followed the recommendations of Appendix B of the HDP White Paper which describes the preferred methodology for determining appropriate CHDP levels. Overthrust selected the point on its system where hydrocarbon dropout has historically occurred, tested its proposed CHDP limit of 15 degrees Fahrenheit, and found that for its selected operating cases all data points lie to the right of the phase envelope,[5] therefore liquid dropout is unlikely to occur. As such, the Commission finds that the proposed CHDP limit of 15 degrees is properly supported and, consistent with the *Policy Statement*, is necessary to manage hydrocarbon liquid dropout within acceptable levels.

17. Additionally, the proposed tariff sheets are consistent with the Commission's policy regarding gas quality, and are adequately supported by scientific evidence. The Commission agrees with Overthrust that the request that it be required to allow pairing of gas to meet CHDP standards has not been shown to be workable by the pipeline. Because Overthrust has market areas located on both the eastern and western ends of its pipeline, the demand from these market areas will dictate the flow direction on Overthrust's pipeline. As these demands may change on a daily basis, the Commission agrees that flow of gas on its pipeline will limit Overthrust's ability to pair high and low CHDP gas supplies to insure adequate blending in order to meet downstream pipeline CHDP requirements. Under the revised tariff, shippers will have considerable flexibility to deliver gas of varying qualities up to operationally feasible limits. Overthrust will post quality limits down to the 15 degree level. Further, it has agreed to work with its shippers to accept as much gas as is operationally feasible. Accordingly we will not require the modifications requested by the Indicated Shippers.

18. The Commission finds that Overthrust has adequately supported its proposed revisions. Overthrust is directed to file, within ten days of the date this order is issued, actual tariff sheets, to be effective January 1, 2008, reflecting the revisions contained on the *pro forma* tariff sheets submitted with Overthrust's March 6 response.

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[5] The balloon-shaped curve formed when the temperature sufficient to maintain the gaseous phase of a particular gas stream is plotted on a graph as a function of increasing pressure levels. *See Order on Contested Settlement, ANR Pipeline Company*, 116 FERC ¶61,002 (2006) at paragraphs 4 and 5.

<u>The Commission orders</u>:

Within ten days of the date of this order, Overthrust is directed to file actual tariff sheets, to be effective January 1, 2008, reflecting the revisions contained on the *pro forma* tariff sheets submitted with Overthrust's March 6, 2007 response.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Acting Deputy Secretary.