

122 FERC ¶ 61,285
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 27, 2008

In Reply Refer To:
Crossroads Pipeline Company
Docket No. RP08-221-000

Crossroads Pipeline Company
5151 San Felipe, Suite 2500
Houston, TX 77056-3639

Attention: James R. Downs, Director
Regulatory Affairs

Reference: Revised Transportation Retainage Percentage

Ladies and Gentlemen:

1. On February 28, 2008, Crossroads Pipeline Company (Crossroads) filed Eighth Revised Sheet No. 6 to its FERC Gas Tariff, First Revised Volume No. 1, and supporting workpapers to adjust its transportation retainage percentage, pursuant to section 35 (Transportation Retainage Adjustment (TRA)) of its General Terms and Conditions (GT&C). Crossroads requests the Commission accept the proposed tariff sheet to become effective April 1, 2008. We will accept and suspend the revised tariff sheet to become effective April 1, 2008, subject to refund and further Commission action.

2. Section 35 requires Crossroads to adjust its transportation retainage percentage annually each April. Crossroads' retainage percentage comprises a: (1) current estimate of total company-use, lost, and unaccounted for (LAUF) quantities required during the 12-month period commencing with the effectiveness of the retainage percentage; and, (2) quantity reflecting a reconciliation of "actual" company-use, LAUF quantities with quantities actually retained the preceding calendar year, i.e., the deferral period. However, within this filing only, the deferral period is June 1, 2007 through December 31, 2007.¹

¹ See *Crossroads Pipeline Co.*, 119 FERC ¶ 61,221 (2007); *Crossroads Pipeline Co.*, 121 FERC ¶ 61,249 (2007).

3. Accordingly, in the instant filing Crossroads proposes to adjust its current component, based upon its calculated estimate of company use gas and LAUF for the 12-months beginning April 1, 2008, and its projected throughput for the same period.² Crossroads also implements an over-recovered surcharge component that reduces future quantities retained.³ Therefore, the revised tariff sheet reflects a 0.500 percent decrease in the transportation retainage percentage reflecting a new transportation retainage percentage of 0.460 percent.

4. In addition, Crossroads provides additional workpapers quantifying the adjustments made to actual metered receipt and delivery quantities, such as gas used in operations, prior period adjustments and any resulting LAUF quantities, consistent with the Commission's December 10, 2007 Order.⁴ Crossroads made no prior period adjustments in 2007 and bases the LAUF quantities upon measured receipt and delivered quantities, as shown on the supporting workpapers.

5. Crossroads also states that on January 2, 2008, it filed an informational report detailing the steps it has taken to reduce LAUF and stating that it would update the Commission on the progress of its efforts to install the gas chromatograph at the North Coast meter station. Crossroads asserts that it and North Coast continue discussions regarding North Coast's requirements for the relocation of the gas chromatograph to that meter. Crossroads states that it is confident that it will in the near term, successfully install the new gas chromatograph either at the North Coast station or at another equally viable point upstream of the North Coast station.

6. The Commission noticed Crossroads' filing on March 3, 2008. Interventions and protests were due March 11, 2008, as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2007)). Pursuant to Rule 214 of the Commission's rules of practice and procedure, 18 C.F.R. § 385.214 (2007), 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 this proceeding or place additional burdens on existing parties. On March 11, 2008, BP Canada Energy Marketing Corp. (BP) filed a request for additional information and clarification. On March 19, 2008, Crossroads filed an answer. While the Commission's rules of practice and procedure generally prohibit answers to protests or

² See Crossroads' Filing at Appendix A.

³ *Id.*

⁴ *Crossroads Pipeline Co.*, 121 FERC ¶ 61,249 at P 45 (2007).

answers, pursuant to Rule 213 of the Commission's regulations,⁵ the Commission will accept Crossroads' answer in this proceeding to allow a better understanding of the issues.

7. In its motion, BP states that, although Crossroads reflects a decrease in its transportation retainage percentage, Crossroads' fuel filing raises certain questions regarding the actual LAUF experience on Crossroads' system and the corrective measures that Crossroads will take to address the increase in LAUF on its system over the last few years. Thus, BP requests the Commission to direct Crossroads to provide additional information and clarification regarding these issues.

8. Specifically, BP requests that Crossroads provide an explanation regarding the significant increase in actual LAUF gas for November, 2007 and December, 2007.⁶ BP contends that the significant increase is of particular concern because all but one of the corrective measures that Crossroads proposed in its last fuel filing (Docket No. RP07-433-000) to address the LAUF problems on its system were completed by November 1, 2007.⁷ BP states that the only remaining corrective action is the relocation of the gas chromatograph from the Cygnet meter station to the North Coast meter station. Therefore, BP requests that the Commission require Crossroads to provide additional information and explanation for the high actual LAUF for November, 2007 (0.81 %) and December, 2007 (0.88%). Similarly, BP requests that Crossroads clarify whether it has taken or contemplates taking any additional corrective actions to address what appears could be a trend of increasing LAUF on Crossroads' system and to describe what such corrective measures include.

9. In light of Crossroads' confidence that it could successfully install the new gas chromatograph, either at the North Coast station or at another equally viable point upstream of the North Coast station, BP requests the Commission require Crossroads to clarify its progress of relocating the gas chromatograph meter. BP avers that the relocation of the chromatograph meter from the Cygnet meter station to the North Coast meter station was contemplated at the technical conference in Docket No. RP07-433-000

⁵ 18 C.F.R. § 385.213(a)(2) (2007).

⁶ See Crossroads' Filing at Appendix A p. 6.

⁷ See BP's Motion at 3. BP states that the new Sherwood and Cygnet meters were installed by September 26, 2007, and October 16, 2007, respectively. Similarly, Crossroads completed grinding the welds smooth in September, 2007. (See Crossroads January 2, 2008 Informational Report, p. 2 (Docket No. RP07-433-000)).

and in Crossroads' January 2, 2008 Informational Report also filed in that same docket.⁸ BP states that the relocation of the gas chromatograph is, as described throughout Crossroads' previous fuel proceeding, a critical step that should address some of the LAUF problems on Crossroads' system, especially since the relocation was designed to recognize the change in gas flow on Crossroads' system, with the majority of deliveries on Crossroads now occurring at the North Coast delivery point.⁹ Nevertheless, Crossroads now indicates that the relocation may be to a location other than the North Coast meter station.

10. Therefore, BP requests the Commission require Crossroads to explain why it may not relocate the gas chromatograph meter from the Cygnet meter station to the North Coast meter station and why the relocation (whether to the North Coast meter station or to another location) is not completed. Also, to the extent Crossroads contemplates relocating the chromatograph meter to a location other than the North Coast meter station, BP requests that Crossroads provide detailed information regarding the new potential site for the relocated gas chromatograph meter. In addition, given the expected impact of relocating the gas chromatograph, BP argues that Crossroads should notify the Commission when installation of the relocated gas chromatograph is completed and should be required to file a status report every 60 days until the relocation is completed.

11. In its answer, Crossroads contends that it provided the Commission sufficient information to approve its February 28 filing. Crossroads argues that it has successfully reduced LAUF on its system and BP's focus on two months of data, does not warrant rejection of the entire filing. Crossroads also states that it is committed to installing the gas chromatograph and continues to work with North Coast to site the gas chromatograph and to find an alternate site. Crossroads explains that it purchased the new gas chromatograph and has worked diligently in reaching a reasonable agreement with North Coast on the indemnification terms associated with the easement. However, Crossroads argues that neither it nor North Coast should be coerced by BP to enter into an easement agreement that they are not comfortable with. Crossroads believes that its efforts to modify its system have succeeded in dramatically reducing its LAUF rate. Crossroads asserts that it continues to work towards completing its final commitment to install the new gas chromatograph. Crossroads contends that the fact that no other party objected to its filing is a strong testament to the benefits of its efforts.

⁸ BP states that Crossroads stated in its January 2, 2008 Informational Report that Buckeye Pipe Line Company, the owner of the North Coast meter site, had signed an easement agreement allowing the relocation of the gas chromatograph meter to the North Coast meter station and that negotiations of indemnification language were taking place.

⁹ See BP's Motion at n. 3.

12. While Crossroads has taken steps to reduce its LAUF, BP raises valid concerns regarding Crossroads' filing and whether Crossroads has provided sufficient information regarding its LAUF experience and its relocation of the gas chromatograph meter. However, the Commission lacks sufficient information at this time to resolve the issues raised by BP's protest. Accordingly, within 30 days of the date this order issues, Crossroads must:

- (A) Provide additional information and explanations for the actual LAUF for November, 2007 and December, 2007;
- (B) Provide information regarding the corrective actions taken or planned to be taken, to address the increase in LAUF, including what such corrective measures include;
- (C) Provide additional information and explanations regarding the relocation of the gas chromatograph meter, including why the relocation has not been completed, why Crossroads may not relocate the gas chromatograph meter to the North Coast meter station and detailed information regarding the new potential site; and
- (D) Provide any other additional workpapers to support its LAUF data and to address the parties' concerns.

Reply comments may be filed 15 days following the date that Crossroads' compliance filing is made.

13. The Commission accordingly finds that Crossroads' filing has not been shown to be just and reasonable, and may be unjust, unreasonable, and unduly discriminatory, or otherwise unlawful. The Commission therefore accepts and suspends Crossroads' Eighth Revised Sheet No. 6, effective April 1, 2008, subject to refund and further Commission action.

14. The Commission's general policy is to suspend tariff filings for the maximum period permitted by statute if preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or that it may be inconsistent with other statutory standards.¹⁰ It is also recognized however, that shorter suspensions may be warranted

¹⁰ See *Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month suspension).

under circumstances in which suspension for the maximum period may lead to harsh and inequitable results.¹¹ Such circumstances exist here. Accordingly, the Commission will exercise its discretion to suspend for a shorter period and permit the rates to take effect on April 1, 2008, subject to refund and further Commission action.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

¹¹ See *Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (one-day suspension).