

139 FERC ¶ 61,158  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;  
Philip D. Moeller, John R. Norris,  
and Cheryl A. LaFleur.

PostRock KPC Pipeline, LLC

Docket No. RP12-346-000

ORDER FOLLOWING TECHNICAL CONFERENCE AND ACCEPTING TARIFF  
RECORD

(Issued May 25, 2012)

1. On January 30, 2012, PostRock KPC Pipeline, LLC (KPC) filed a revised tariff record<sup>1</sup> to clarify its authority to consider blending and pairing arrangements when deciding whether to exercise discretion under its tariff to accept receipts that fail to meet applicable gas quality specifications. KPC requested an effective date of March 1, 2012, for the revised tariff record.
2. ScissorTail Energy, LLC (ScissorTail) protested the filing, contending that the proposed tariff revision was unduly vague in that it would give KPC unfettered discretion to implement pairing in an unduly discriminatory fashion. In particular, ScissorTail asserted that the tariff record would allow KPC to discriminate in favor of shippers that bring new gas onto its system by giving priority to waivers of its gas quality specifications where the shipper's gas that is out-of-spec is paired in advance with nominations of other gas meeting the quality specifications.
3. Kansas Gas Service, a division of ONEOK, Inc. filed a motion to intervene and comments, but did not protest the filing. Fairfax Midstream Company, LLC filed a motion to intervene and comments in support of KPC's Filing.
4. On February 29, 2012, the Commission issued an order accepting and suspending the tariff record to become effective August 1, 2012 (or some earlier date specified in a

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<sup>1</sup> PostRock KPC Pipeline, LLC, FERC NGA Gas Tariff, FERC Gas Tariff, Third Revised Volume No. 1, [24-GT&C Section 3 \(Quality of Gas\), 1.0.0.](#)

subsequent order), subject to the outcome of a technical conference.<sup>2</sup> The technical conference was convened on March 27, 2012.

5. Following the technical conference, KPC and ScissorTail filed Joint Post Technical Conference Comments asking that the Commission grant final acceptance to the tariff record conditionally accepted in the February 29, 2012 Order. KPC and ScissorTail state that they have reached agreement relating to the implementation of pairing. They explain that their agreement addresses the transportation charges that ScissorTail's gas buyer will be assessed in the context of pairing and the methodology that will be used to measure nitrogen levels in the natural gas delivered by ScissorTail's gas buyer into KPC's system for purposes of such pairing implementation.<sup>3</sup> They add that KPC is prepared to execute similar agreements with other gatherers on its system.

6. ScissorTail's participation in the joint comments seeking Commission approval of KPC's original filing effectively constitutes a withdrawal of ScissorTail's protest. Thus, KPC's tariff record is uncontested. Commission approval is not required for a pipeline to grant a discount from its filed rates, and the Commission has encouraged pipelines to implement such pairing agreements.<sup>4</sup> Accordingly, the Commission will accept the tariff

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<sup>2</sup> *PostRock KPC Pipeline, LLC*, 138 FERC ¶ 61,146 (2012).

<sup>3</sup> KPC and ScissorTail state that they do not believe that their agreement requires Commission approval. They explain that, under the agreement, ScissorTail's gas buyer will be charged a discounted rate for transportation service. They also point out that, as discussed in previous filings in this proceeding, other pipelines have adopted tariff provisions permitting them to negotiate pairing arrangements without having those tariff provisions subject to Commission review.

<sup>4</sup> The Commission has stated that it

continues to believe that it is appropriate to allow pipelines to exercise their discretion to waive strict gas quality limits when operating conditions allow, and to enforce such limits when operating conditions require stricter measures, as long as it is done in a not unduly discriminatory manner. The Commission wishes to encourage pipelines to allow blending, pairing, and other strategies, to the extent these can be implemented on a non-discriminatory basis and in a manner that is consistent with safe and reliable operations.

*Policy Statement on Provisions Governing Natural Gas Quality in Interstate Natural Gas Pipeline Company Tariffs*, 115 FERC ¶ 61,325, at P 41 (2006) (citations omitted).

record to become effective June 1, 2012, subject to KPC filing a motion to place the suspended tariff record into effect, as ordered below.

The Commission orders:

KPC's tariff record is accepted for filing to become effective June 1, 2012, subject to KPC filing a motion prior to that date to place the suspended tariff record into effect in accordance with section 154.206 of the Commission's regulations.<sup>5</sup>

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>5</sup> 18 C.F.R. § 154.206 (2011).