

124 FERC ¶ 61,166  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

August 15, 2008

In Reply Refer To:  
Crossroads Pipeline Company  
Docket No. RP08-221-001

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

Attention: James R. Downs, Director  
Regulatory Affairs

Reference: Compliance Filing Providing Additional Information Concerning  
Transportation Retainage Percentage

Ladies and Gentlemen:

1. On April 28, 2008, Crossroads Pipeline Company (Crossroads) submitted additional information (Compliance Filing) to comply with the Commission's order issued March 27, 2008 (March 27 Order).<sup>1</sup> Crossroads' Compliance Filing answers the concerns raised by the Commission's request for additional information and adequately supports its proposed 0.460 transportation retainage percentage.

2. On February 28, 2008, Crossroads filed a revised tariff sheet 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). The March 27 Order accepted and suspended Crossroads' proposed tariff sheet, effective April 1, 2008, subject to refund and Crossroads filing, within 30 days of that order, any additional information regarding its lost and unaccounted for (LAUF) quantities for November 2007 and December 2007. To further address the concerns raised by the parties, the March 27 Order also required Crossroads to include with its

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<sup>1</sup> *Crossroads Pipeline Company*, 122 FERC ¶ 61,285 (2008).

supplemental information, any corrective actions planned or already taken to address the increase in LAUF quantities, the new location of the North Coast gas chromatograph meter and that meter's LAUF data.

3. In its Compliance Filing, Crossroads provides the following information in response to Ordering Paragraphs (A) and (D) of the March 27 Order. Crossroads states that, in November 2007 and December 2007, the difference between Crossroads' actual measured receipts and deliveries from each active meter on its system was 27,341 Dth and 32,062 Dth, respectively, the company gas used portion was 299 Dth and 457 Dth and the LAUF quantity was 27,042 Dth and 31,605 Dth, respectively.

4. Crossroads states that all of its meters are equipped with electronic measurement devices.<sup>2</sup> Gas quantities from each meter are electronically calculated and transmitted to Crossroads' central gas measurement computer system on an hourly basis using this equipment. Crossroads also states it derived the data contained in supporting workpapers to its February 28, 2008 filing from this central gas measurement system. The measurement system records the daily receipt and delivery information. According to Crossroads, the workpapers detailing this data<sup>3</sup> are directly tied to the monthly quantities provided in Appendix A of Crossroads' February 28, 2008 filing. Crossroads states that the daily data show that the difference between the receipts and deliveries in November 2007 and December 2007 fluctuated both up and down on a daily basis. Crossroads asserts that it expects this fluctuation, and maintains this fact does not indicate a trend of continually increasing LAUF. In addition, Crossroads tested and re-tested the measuring equipment on numerous occasions and is confident the equipment determines all receipt and delivery quantities accurately.

5. Crossroads provides the following information in response to Ordering Paragraph (B) of the March 27 Order. Crossroads submits that the Cygnet station originally consisted of a single 12-inch turbine meter. On October 16, 2007, Crossroads installed a new low flow meter and performed physical piping modifications at the Cygnet station, as reported in Crossroads' January 2, 2008 Informational Report. However, Crossroads did not place the new meter in service at that time because both meters needed automatic sequencing for proper operation. Crossroads explains that, at a station with multiple meters, sequencing allows the gas to flow through one meter until the station flow is sufficient to require the use of both meters, which in turn allows for more accurate measurement over a range of flow rates. Crossroads determined that the existing electronic measurement flow computer at Cygnet required new software to perform the

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<sup>2</sup> Crossroads installed a new KNG Energy Inc. (KNG) delivery meter No. 740078 with a chart recorder in November 2007 and installed and placed in service the electronic measurement device on February 1, 2008.

<sup>3</sup> See Compliance Filing at Attachment 1.

automatic run sequencing between the new smaller meter and the existing larger meter. Crossroads states it developed, tested and installed the software at the station and placed the new meter in service on February 20, 2008.

6. Crossroads believes that the newly active low flow primary Cygnet meter can more accurately measure volumes during periods of low flow that were not accurately measured and recorded in the past when only the single 12-inch meter was in service. Since February 20, 2008, continues Crossroads, the new meter measured low flows that Crossroads believes would not have been measured by the single large meter previously at the Cygnet station.

7. Crossroads also plans to install a gas chromatograph upstream of the Cygnet station, as discussed below, which Crossroads anticipates will more accurately determine gas composition, thus increasing accuracy for LAUF quantities. In addition, Crossroads advises that if LAUF quantities on its system continue to remain high or increase, it will reassess its actions and develop an additional detailed plan to review the operation of all facilities. Crossroads states that it will also consider hiring an independent third party to audit its system and to determine the causes of the LAUF quantities. Crossroads stresses that it takes this issue very seriously and will continue to work diligently towards resolving it.

8. Crossroads provides the following information in response to Ordering Paragraph (C) of the March 27 Order. Crossroads asserts it worked extensively and expended significant resources to install a new gas chromatograph at the North Coast Gas Transmission, LLC (North Coast) station. It states these efforts began before the July 31, 2007 Technical Conference in Docket No. RP07-433-000, *et al.*, and continued until January 2008.<sup>4</sup> Crossroads states that, after numerous fruitless communications with North Coast to reach an agreement for the installation of the gas chromatograph, it concluded it could install the chromatograph sooner if it pursued an alternate location. Crossroads states that, in late November 2007, Crossroads and KNG placed in service a delivery meter station upstream of the North Coast meter station. Crossroads determined that the new KNG-Deshler delivery meter was a viable location to install the new gas chromatograph. Thus, in late January 2008, after Crossroads concluded that negotiations with North Coast were no longer worth pursuing, Crossroads began discussions with KNG regarding the possibility of installing the chromatograph at the KNG-Deshler station. Crossroads states that on February 15, 2008, it sent a draft agreement to KNG and on April 9, 2008, KNG executed the agreement.<sup>5</sup>

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<sup>4</sup> In its Compliance Filing, Crossroads details the communications and interactions with North Coast to install the gas chromatograph. *See* Compliance Filing at 3-5.

<sup>5</sup> In its Compliance Filing, Crossroads details the communications and interactions with KNG. *See* Compliance Filing at 5.

9. Crossroads states that it immediately began work to install the gas chromatograph at the KNG-Deshler station. Crossroads informs that the building permit was issued on April 23, 2008 and on-site construction began on April 24, 2008. According to Crossroads, the installation of the chromatograph will begin on April 28, 2008 and it expects to place the chromatograph in service by May 9, 2008.<sup>6</sup>

10. Crossroads submits that the chromatograph at the KNG-Deshler station will provide gas quality data that is representative of and comparable to the data obtained at the North Coast station. Crossroads notes the KNG station is approximately ten miles upstream of the North Coast station and ten and a half miles upstream of the Cygnet station, where the chromatograph is currently located. Crossroads states that it receives no gas between the KNG station and the downstream North Coast and Cygnet stations.<sup>7</sup> Therefore, continues Crossroads, the gas flowing through and being analyzed at the KNG station is comparable to the gas flowing to North Coast. Crossroads believes that locating the gas chromatograph at the KNG station will resolve one of the primary issues created by its prior location at Cygnet, i.e., periods of no flow or low flow resulting in inaccurate gas composition data.

11. The Commission noticed Crossroads' filing on April 30, 2008. Protests were due May 12, 2008, as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2008)). No party filed a protest or adverse comments.

12. The Commission finds that Crossroads has adequately demonstrated that the proposed 0.460 transportation retainage percentage represents its actual company use gas and LAUF quantities. The Commission also finds that Crossroads' additional information responds to the Commission's March 27 Order and BP Canada Energy Marketing Corp.'s (BP's) concerns. Specifically, the Commission finds that Crossroads provided additional information: (1) explaining the LAUF quantities for November 2007 and December 2007; (2) detailing the actions planned or effected to address the increase in LAUF and includes the corrective measures; (3) regarding the relocation of the gas chromatograph; and (4) supporting its LAUF data. The Commission notes the proposed transportation retainage percentage is subject to a true-up in the next adjustment filing and will therefore address any inaccuracies in Crossroads' LAUF estimates. Finally, the

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<sup>6</sup> On May 9, 2008, Crossroads filed supplemental information stating that as of May 8, 2008, the new gas chromatograph at the KNG-Deshler station is fully operational and will be used for the energy determination at the KNG station and the North Coast stations. Crossroads also states that the Cygnet gas chromatograph will remain in service and used for that station only.

<sup>7</sup> See Compliance Filing at Ex. 1.

Commission finds that Crossroads prudently attempted to identify the LAUF anomaly in November 2007 and December 2007. Accordingly, the Commission finds that Crossroads adequately supported its proposed 0.460 transportation retainage percentage.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.