

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
William L. Massey, and Nora Mead Brownell.

Questar Southern Trails Pipeline Company

Docket No. RP02-318-002

ORDER ACCEPTING TARIFF SHEETS

(Issued July 29, 2003)

1. On March 10, 2003, Questar Southern Trails Pipeline Company (Southern Trails) filed tariff sheets¹ to comply with the Commission's February 6, 2003 order,² which addressed matters relating to secondary point priority, discounts and penalties, pursuant to Order Nos. 637 and 587-K through 587-N. The Commission is accepting the proposed tariff sheets, to become effective on March 1, 2003. This order is in the public interest because it implements compliance with the Commission's policies that encourage competitive conditions on the pipeline grid, create greater flexibility for shippers, and enhance pipeline transportation services.

I. Background

2. On June 5, 2002, the Commission issued an order³ approving Southern Trails' tariff filing, subject to further review, in its compliance with Order Nos. 637 and 587-K through 587-N. Subsequently, the Commission issued its February 6 Order and approved Southern Trails tariff sheets, in part, while directing Southern Trails to make further revisions. The instant filing was made in compliance with that directive.

¹First Revised Sheet No. 1, Second Revised Sheet No. 4, First Revised Sheet Nos. 5, 30, 53, 58, 69, 89, and 112 to Original Volume No. 1 of Questar Southern Trails Pipeline Company's FERC Gas Tariff.

²Questar Southern Trails Pipeline Company, 102 FERC ¶ 61,148 (2003) (February 6 Order).

³Questar Southern Trails Pipeline Company, 99 FERC ¶ 61,281 (2002).

II. Description of Filing

A. Secondary Point Priority and Discounts

3. Southern Trails has modified Sections 10.1(b) and (c), Priority of Service, of its General Terms and Conditions to allow a higher scheduling priority for secondary within-the-path transactions. Specifically, Southern Trails states that all firm transportation service provided at secondary receipt and/or delivery points that are within the flow path, as described by the service agreement primary receipt and delivery points, will receive a higher priority than all firm transportation service provided at secondary receipt and/or delivery points that are outside the flow path.

4. Also, as required, Southern Trails has revised its tariff to incorporate the rebuttable presumption that a shipper holding a discount at a primary point will retain a discounted rate if it chooses to segment, release capacity, or use its flexible receipt and delivery point rights to move gas to another point at which the pipeline has granted discounts for its firm or interruptible transportation services. In addition, Southern Trails has included a procedure for processing requests to retain discounts at each scheduling opportunity provided by Southern Trails.

B. Penalties

5. Southern Trails has modified Section 15.7 of its tariff regarding the crediting of revenue from monthly imbalance penalties. Southern Trails states that this revision is designed to meet the February 6 order's directive that Southern Trails credit any penalty or cashout revenues that exceed gas purchase and applicable costs to both firm and interruptible shippers.

C. Removal of the Rate Ceiling for Selling Short-Term Capacity Release

6. Southern Trails states that, in compliance with the Commission's directive, it has removed tariff language implementing to the Commission's waiver of the rate cap for short-term capacity releases from its General Terms and Conditions. As the February 6 order noted, this waiver expired on September 30, 2002.

III. Notice of Filing and Pleadings

7. Southern Trails' filing was noticed in the Federal Register (68 Fed. Reg. 13,289 (March 18, 2003) with comments due on or before March 24, 2003. A timely motion to intervene and protest was filed by BP America Production Company and BP Energy

Company (jointly, BP). Southern Trails filed a motion requesting that BP's protest be dismissed. The Commission grants BP's intervention.

8. BP complains that Southern Trails continues to give primary firm service (firm transportation service from a primary receipt point to a primary delivery point) a higher priority than all secondary firm service, including within-the-path secondary transactions. BP asserts that Southern Trails should give within-the-path secondary service (firm transportation service provided at secondary receipt and/or delivery points within the flow path) the same scheduling priority as primary firm service. BP refers to this equal mainline priority as a within-the-path parity approach. BP contends that Southern Trails' proposal fails to fully implement the Commission's parity approach which BP asserts is included in Order No. 637 to increase competition. BP further alleges that the parity approach is used by other pipelines under certain conditions⁴ and this same parity approach should be offered by Southern Trails.

9. Southern Trails argues that the protest should be dismissed because it is based on matters beyond the scope of the February 6 Order. Southern Trails states that BP is not alleging that the tariff filing fails to comply with the Commission's mainline priority at secondary points requirements, but rather BP discusses a "parity approach" to mainline capacity it alleges is utilized under certain circumstances by some pipelines. Southern Trails states that it is willing to discuss these concerns with BP and its other customers but cannot do so in the scope of this filing because the pipeline is not authorized to submit revised tariff language other than as directed by the Commission's February 6 Order.

IV. Discussion

10. Upon review of the submitted tariff sheets, the Commission finds that Southern Trails is in compliance with the February 6 Order. With respect to the protest, BP does not assert that Southern Trails' filing is deficient or non-compliant with the Commission's February 6 Order. Rather, BP complains that Southern Trails has not adopted a parity approach to mainline capacity, similar to other pipelines. This argument is outside the scope of the February 6 Order, which addressed priority for within-the-path secondary firm transactions over outside-the-path secondary firm transactions. The Commission's Order No. 637-A only requires within-the-path secondary transactions to be given priority over outside the path secondary transactions. It did not require they be given equal priority with primary transactions. Therefore, Southern Trails can reasonably provide that

⁴Tennessee Gas Pipeline Company, 71 FERC ¶ 61,102 at 61, 347 (1995).

primary firm transactions will have a higher priority over all secondary firm service. Accordingly, the protest is dismissed.

The Commission orders:

(A) The tariff sheets listed in Footnote 1 are accepted, to become effective March 1, 2003 in compliance with the Commission's February 6, 2003 order.

(B) The protest filed by BP America Production Company and BP Energy Company is dismissed.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.