

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;  
Nora Mead Brownell, Joseph T. Kelliher,  
and Suedeem G. Kelly.

Mid-America Pipeline Company, LLC

Docket No. IS05-260-000

Docket No. IS05-216-000

ORDER ACCEPTING TARIFF, SUSPENDING IT IN PART, SUBJECT TO  
REFUND AND CONDITIONS, AND CONSOLIDATING PROCEEDINGS

(Issued June 27, 2005)

1. On May 20, 2005, Mid-America Pipeline Company, LLC (MAPL) filed FERC Tariff No. 40 canceling FERC Tariff No. 37 and requesting that the tariff become effective July 1, 2005. On June 6, 2005, Williams Power Company, Inc. and Williams Energy Services, LLC (jointly, Williams) and Burlington Resources Trading Inc. (Burlington) protested MAPL's filing and asked the Commission to consolidate this filing with the Docket No. IS05-216-000 proceeding currently set for hearing and settlement procedures.<sup>1</sup> For the reasons given below, the Commission will accept FERC Tariff No. 40, suspend it in part, subject to refund, and consolidate this proceeding with the ongoing proceedings in Docket No. IS05-216-000.

2. This order benefits customers because it permits lower rates for the ethane component of Demethanized Mix for certain movements while preserving the rights of the protesters and providing for refunds. It also allows the parties to continue efforts to resolve the issues raised here prior to participating in formal hearing procedures.

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<sup>1</sup> *Mid-America Pipeline Company, LLC*, 111 FERC ¶ 61,128 (2005). MAPL proposed FERC Tariff No. 37 in its March 31, 2005 cost-of-service filing in Docket No. IS05-216-000 that increased most general commodity rates for transporting natural gas liquids (NGLs) on its three pipelines systems.

### **MAPL's Filing**

3. In FERC Tariff No. 40, which cancels FERC Tariff No. 37, MAPL proposes to decrease certain General Commodity Rates in Item 210 for Demethanized Mix movements originating in Groups 100, 101, and 102 for delivery to the Hobbs Fractionator and Group 950 destinations. These rates were not proposed to be increased by FERC Tariff No. 37 and thus are not at issue in the proceeding in Docket No. IS05-216-000. MAPL also proposes two new Items 320 and 320A, which offer a new Demethanized Mix incentive rate program for movements from the same origins to the same destinations, but with different qualifying provisions than its existing incentive program under Items 310 and 310C that shippers must satisfy to receive the incentive rate.

### **Burlington's Protest**

4. Burlington states that it ships approximately 32,000 barrels per day of NGL's under a joint tariff of MAPL and its affiliate Seminole Pipeline Company (Seminole) from origin points in Group 105 and 110 to Mont Belvieu, Texas, which is a Group 950 destination. Burlington further states that it protested FERC Tariff No. 37 filed in Docket No. IS05-216-000 because the proposed tariff increased local rates for services underlying the joint rate in which Burlington has a substantial economic interest. Burlington cites the Commission's April 29, 2005 Order in that docket, in which, *inter alia*, the Commission accepted and suspended FERC Tariff No. 37, subject to refund, and established hearing and settlement judge procedures.<sup>2</sup>

5. Burlington explains that it is filing a conditional protest to MAPL's proposed FERC Tariff No. 40 for the purpose of preserving and protecting its protest of FERC Tariff No. 37, which will be cancelled by FERC Tariff No. 40. According to Burlington, all issues, arguments, and requests for relief raised in its April 15, 2005 pleading in Docket No. IS05-216 are equally applicable to the corresponding rates in MAPL's proposed FERC Tariff No. 40. Burlington asks the Commission to clarify that all issues raised in Docket No. IS05-216-000 are preserved in that docket and unaffected by the filing of FERC Tariff No. 40. Burlington also asks the Commission to consolidate this proceeding with the proceedings pending in Docket No. IS05-216-000.

### **Williams' Protest**

6. Williams states that, pursuant to the joint MAPL-Seminole tariff, it ships approximately 61,000 barrels per day of NGLs from three processing plants. In addition, states Williams, it ships approximately 6,500 barrels per day of NGLs from

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<sup>2</sup> *Id.*

two processing plants that are subsequently shipped under the joint tariff. Williams explains that its shipments originate from Groups 100, 105, and 110. Williams maintains that MAPL's FERC Tariff No. 40 does not decrease the MAPL local rates from Groups 105 and 110, nor has MAPL decreased its local rates from Groups 100, 105, and 110 to Hobbs. Thus, reasons Williams, MAPL has the ability to increase joint rates any time up to the sum of the local rates on MAPL and Seminole. Williams also contends that the proposed new rate incentive program to Mont Belvieu may be discriminatory to shippers that ship under the previous incentive program.

7. Williams asserts that MAPL's proposed FERC Tariff No. 40 is unsupported and fails to address issues raised in Docket No. IS05-216-000. Williams urges the Commission to consolidate the proceedings in Docket No. IS05-260-000 with the pending proceedings in Docket No. IS05-216-000.

### **MAPL's Response**

8. In its responses to the protests, MAPL argues that the Commission should dismiss the protests for failure to raise any issue warranting suspension and investigation of MAPL's FERC Tariff No. 40 or to allege an economic interest in the rates at issue. MAPL states that the proposed FERC Tariff No. 40 reduces rates for movements of Demethanized Mix from Groups 100, 101, and 102 to the Hobbs Fractionator and Group 950. MAPL contends that, because FERC Tariff No. 40 proposes to decrease rates that are already below the index ceiling, there is no basis for suspending these rates.

9. Addressing Burlington's protest, MAPL emphasizes that none of the rates MAPL proposes to decrease in FERC Tariff No. 40 were changed in FERC Tariff No. 37. Thus, argues MAPL, Burlington's challenge to the rate changes proposed in FERC Tariff No. 37 provides no basis for suspending the rate decreases in the instant proceeding.

10. MAPL further contends that Burlington does not allege that it is a shipper on any of the routes for which decreased rates are proposed in FERC Tariff No. 40. Further, MAPL asserts that Burlington has not alleged that the decreased rates are components of joint rates under which it ships. Thus, concludes MAPL, Burlington does not have an economic interest sufficient to confer standing to protest these rates, although the Commission found in Docket No. IS05-216-000 that Burlington had standing to challenge the rates in FERC Tariff No. 37 because the increased local rates were part of joint rates under which it shipped.

11. MAPL refutes Williams' allegation that MAPL failed to provide adequate support for FERC Tariff No. 40. According to MAPL, the Commission's regulations do not require a carrier to provide cost support for rate changes if the resulting rates are at or below the index ceiling.<sup>3</sup>

12. MAPL also contends that there is no merit to Williams' claim that FERC Tariff No. 40 should be suspended for failure to address the issues raised in Docket No. IS05-216-000. MAPL maintains that the rates at issue in Williams' protest of FERC Tariff No. 37 are different from those MAPL proposes to decrease in this filing, which MAPL claims Williams has acknowledged. In addition, MAPL asserts that its reduction of base rates and incentive rates for Demethanized Mix will not be discriminatory because all shippers will be entitled to move under the lower base and incentive rates.

### **Discussion**

13. As discussed below, the Commission will accept FERC Tariff No. 40, suspend it in part, subject to refund, and consolidate this proceeding with the ongoing proceeding in Docket No. IS05-216-000, which is currently pending before a settlement judge.

14. In FERC Tariff No. 40, MAPL proposes to decrease rates in Item 210 Demethanized Mix and Item 310 Incentive Rates – Group 100. Although the rates are below the existing index ceiling, the Commission concludes that aspects of MAPL's filing require additional clarification. In Items 210C and 310C, it is not clear how shippers would use the formula to calculate the appropriate rates for the ethane component. MAPL must revise Items 210C and 310C to clarify how shippers must apply the formula now that MAPL has established an ethane component rate. Accordingly, the Commission will accept these rates to be effective July 1, 2005, subject to MAPL's filing a tariff to clarify the procedure for calculating the rates.

15. The Commission also concludes that the new incentive rates proposed in Item 320 may be discriminatory as compared with incentive rates in Item 310. While these two items appear to charge the same rate for the same service, they impose different qualifying criteria. For example, existing Item 310 requires a commitment period of seven years, while Item 320 does not define a commitment period. Item 310 Incentive Program – Group 100-- states in paragraphs (a) and (b) that the shipper must contract to ship all of its owned or controlled product for seven years and that only those shippers that signed a written commitment with MAPL on or before January 31, 2000, may qualify for incentive rates. In contrast, proposed new Item 320 offers the

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<sup>3</sup> MAPL cites 18 C.F.R. §§ 342.3(a), 342.3(b) (2004).

same rates but without the seven-year contract requirement and unspecified contract commitment criteria. It appears that any shipper can ship under the same incentive rate, but that it need not make the same commitments that MAPL previously required before it would guarantee the incentive rate. Accordingly, the Commission will accept this part of FERC Tariff No. 40, suspend it subject to refund, to be effective July 1, 2005, as requested by MAPL, and will consolidate it with the proceeding in Docket No. IS05-216-000.

16. The rates that MAPL proposes to decrease in this filing are not the same rates it increased in FERC Tariff No. 37. Despite this, by asking the Commission to consolidate this docket with Docket No. IS05-216-000, Burlington and Williams seek to preserve the issues raised in the protest to the rate increases proposed in FERC Tariff No. 37 by FERC Tariff No. 40.

17. In the April 29, 2005 Order in Docket No. IS05-216-000, the Commission accepted and suspended certain tariffs, subject to refund and conditions, and established a hearing and settlement procedures.<sup>4</sup> The Commission agrees that the instant filing involves issues and parties in common with those present in Docket No. IS05-216-000. Accordingly, the Commission will consolidate this filing in Docket No. IS05-260-000 with Docket No. IS05-216-000 for settlement and hearing procedures, except to the extent that it accepts the proposed decreased rates in Items 210 and 310, as described above.

### **Suspension**

18. Based upon a review of the filing, the Commission finds that MAPL's FERC Tariff No. 40 has not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, the Commission will accept FERC Tariff No. 40 for filing and suspend it in part to be effective July 1, 2005, subject to refund and subject to the conditions set forth in the body of this order and in the ordering paragraphs below.

#### **The Commission orders:**

(A) FERC Tariff No. 40 is accepted for filing and suspended in part to be effective July 1, 2005, subject to refund, and subject to conditions, as discussed in the body of the order.

(B) Within 10 days of the date this order is issued, MAPL must file a revised tariff clarifying the procedure for calculating rates for the ethane component, as discussed in the body of this order.

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<sup>4</sup> *Mid-America Pipeline Company, LLC*, 111 FERC ¶ 61,128 (2005).

(C) To the extent discussed in the body of this order, the Commission will consolidate issues concerning the possible discriminatory application of the incentive rates and issues raised in protest to FERC Tariff No. 37 that carry forward to FERC Tariff No. 40, with the hearing and settlement judge proceedings established in Docket No. IS05-216-000.

By the Commission.

( S E A L )

Linda Mitry,  
Deputy Secretary.