

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
and Jon Wellinghoff.

Indicated Shippers

Docket No. RP04-98-001

v.

Columbia Gulf Transmission Company

ORDER ON COMPLIANCE FILING AND ESTABLISHING TECHNICAL
CONFERENCE

(Issued August 1, 2006)

1. On March 10, 2004, Columbia Gulf Transmission Company (Columbia Gulf) filed a proposal to comply with the Commission's order issued January 26, 2004 in this proceeding.¹ Columbia Gulf proposed tariff revisions containing a hydrocarbon dewpoint limit of 15° F for gas entering its system and related provisions.² The March 10 filing was held in abeyance pending industry-wide efforts concerning hydrocarbon

¹ *Indicated Shippers v. Columbia Gulf Transmission Company and Indicated Shippers v. Tennessee Gas Pipeline*, 106 FERC ¶ 61,040 (2004).

² Columbia Gulf proposed tariff revisions to its Fourth Revised Sheet No. 209B and First Revised Sheet No. 235 to its FERC Gas Tariff, Second Revised Volume No. 1. However, Columbia Gulf failed to file the tariff sheets electronically as required by the Commission's regulations both at the time the filing was made (18 C.F.R. § 154.4(a) (2003)) and currently (18 C.F.R. § 154.4(a) (2005)). Hence the Commission is reviewing these proposed tariff revisions as *pro forma* proposals, not actual tariff language. *Equitrans, L.P.*, 105 FERC ¶ 61,407, at P 1 n.2 (2003). When Columbia Gulf files revised tariff language, it should increment its pagination notwithstanding the fact that these sheets are not reflected in the FASTR tariff data base.

liquids dropout. The Commission has subsequently issued a policy statement on gas quality and interchangeability which addresses hydrocarbon liquids dropout.³ This order establishes procedures, requires Columbia Gulf to submit a revised compliance filing addressing the requirements and concerns of the *Policy Statement*, and establishes a technical conference to discuss the revised filing.

Background

2. In 2000 and 2001 there was an increase in the hydrocarbon dewpoint (HDP) levels of the gas Columbia Gulf was transporting. HDP levels are the temperatures and corresponding pressures at which hydrocarbons will condense out of the gas stream and become liquid. As pressure rises from zero, the temperature necessary to maintain the gaseous state rises. However, once the pressure goes above a certain level, the temperature necessary to maintain the gaseous state starts to fall. The highest temperature on this curve is known as the cricondentherm hydrocarbon dewpoint (CHDP) of the gas stream in question.⁴ Liquids in the gas stream can cause operational and safety problems. The Commission considers hydrocarbon dropout to be an issue of gas quality.⁵

3. Historically, producers have processed natural gas and removed the hydrocarbons heavier than methane. They were able to sell the extracted liquid hydrocarbons for a greater profit than that received for natural gas. The HDP issue arose because the price of natural gas increased in 2000 and 2001 to the point where it was more profitable to leave the heavier hydrocarbons in the gas stream to be sold as natural gas than to process the gas, extract the heavier hydrocarbons, and sell them as liquids.

³ *Policy Statement on the Adequacy of Provisions Governing Natural Gas Quality and Interchangeability in Interstate Natural Gas Pipeline Company Tariffs, Natural Gas Interchangeability and NGSAs Petition for Rulemaking On Natural Gas Quality and Interchangeability*, 115 FERC ¶ 61,325 (2006) (*Policy Statement*).

⁴ *See ANR Pipeline Co.*, 116 FERC ¶ 61,002, at P 3-6 (2006), for a fuller explanation.

⁵ This order uses the term “gas quality” to mean the impact of non-methane hydrocarbons on the safe and efficient operation of pipelines, distribution facilities, and end-user equipment, the meaning adopted in the *Policy Statement* at P 5.

4. In the winter of 2000-2001, producers and other shippers on Columbia Gulf stopped processing their gas.⁶ The result, according to Columbia Gulf, was that “significant quantities of hydrocarbon liquids began to naturally condense from the gas stream and were transported through the pipeline where they began to foul and damage Columbia Gulf’s compressors, regulators, meters, valves and other equipment.”⁷ Columbia Gulf noted that hydrocarbon liquids in the pipeline can also create similar problems for downstream pipelines, LDCs, and end-users as well as failing to meet their gas quality requirements.⁸

5. In January, 2001, in an attempt to control liquids dropout, Columbia Gulf began to post Critical Notices on its website imposing an additional gas quality requirement on the gas it would accept into its system. The pipeline specified the maximum amount of Btu content that it would accept, 1,050 Btus, a requirement that was not expressly set forth in its tariff. Columbia Gulf also included in its notices provisions that some shippers may be required to provide evidence that gas was processed and that the pipeline would refuse to accept gas from shippers who did not comply with the requirements for Btu content and evidence of processing.

6. On December 3, 2003, a group of producers, Indicated Shippers, filed a complaint against Columbia Gulf to obtain an order requiring it to cease and desist from enforcing the maximum Btu limit the pipeline had established through its notices. Indicated Shippers alleged that Columbia Gulf’s tariff does not set a maximum limit on the heat content of gas, that the Btu limits were new gas quality standards, and that the pipeline could only make such revisions to its tariff by filing under section 4 of the NGA. Indicated Shippers also alleged that Columbia Gulf’s tariff did not give the pipeline authority to impose the Btu limits.

7. The Commission issued its order on the Indicated Shippers’ complaint on January 26, 2004.⁹ The Commission found that Columbia Gulf has authority in section 25.2(a) of its General Terms and Conditions (GT&C) to impose additional gas quality

⁶ Answer and Motion to Dismiss of Columbia Gulf Transmission Company at 4, Docket No. RP04-98-000 (December 23, 2003).

⁷ *Id.*

⁸ *Id.* at 14.

⁹ *Indicated Shippers v. Columbia Gulf Transmission Company and Indicated Shippers v. Tennessee Gas Pipeline*, 106 FERC ¶ 61,040 (2004).

specifications so that Columbia Gulf did not violate its existing tariff when it imposed the Btu limits through notices. However, the Commission found that section 25.2(a) is too broad and too vague, gives the pipeline too much discretion to change its gas quality standards, and provides shippers too little notice of the practices with regard to gas quality on Columbia Gulf. The Commission held section 25.2(a) is unjust and unreasonable and required Columbia Gulf to file a revised section. It stated, however, that until Columbia Gulf files a new section that the Commission finds is just and reasonable under section 5 of the Natural Gas Act, its current section 25.2(a) will remain in effect.¹⁰

8. The Commission stated that if Columbia Gulf wished to have a permanent maximum Btu limit on gas received on its system, then it must state that limit in its tariff. The Commission also stated that if Columbia Gulf desired flexibility to vary the Btu standard in particular circumstances, then it should include in its tariff a specific mechanism for doing so, similar to the mechanism in *Natural Gas Pipeline Company of America*.¹¹ Last, the Commission noted that it had announced a public conference in Docket No. PL04-3-000 to gain more information about the impacts of natural gas quality and interchangeability on the nation's energy customers and the companies regulated by the Commission.

9. On March 10, 2004, Columbia Gulf filed the compliance filing that is the subject of this order (March 10 filing). However, the Commission had begun to address gas quality issues at an industry-wide level. The Commission and members of the gas industry undertook several such efforts as described below. The Commission has held the Columbia Gulf's compliance filing in abeyance until the completion of those efforts.

¹⁰ *Citing Order on Remand*, 101 FERC ¶ 61,127 at P 24, 34-35 (2002).

¹¹ *Order After Technical Conference and Rehearing*, 102 FERC ¶ 61,234 (*Natural Gas I*), *Order on Rehearing and Compliance Filing and Establishing Hearing*, 104 FERC ¶ 61,322 (2003) (*Natural Gas II*) (together the *Natural Gas* orders). The *Natural Gas* orders accepted procedures for posting Btu and HDP limits on the pipeline's website, subject to notice and the provision of information to shippers. They also provided for an HDP safe harbor limit.

10. The Commission commenced its industry-wide consideration of gas interchangeability on January 15, 2004 in Docket No. PL04-3-000.¹² On February 18, 2004, the Commission held a public conference in Docket No. PL04-3-000 which included discussion of both gas quality and interchangeability issues. Following the conference the natural gas industry, under the auspices of the Natural Gas Council,¹³ initiated a collaborative effort to seek consensus on industry-wide standards for gas quality and interchangeability. On February 28, 2005, the Natural Gas Council filed a report on gas quality entitled *Liquid Hydrocarbon Drop Out in Natural Gas Infrastructure* (HDP Report or *White Paper*).¹⁴

11. The *White Paper* interim recommendation on gas quality was to adopt interim standards that translate historic experience into terms of CHDP or C6+ GPM methodologies,¹⁵ taking best available historical data into account. The *White Paper* also recommended that additional research be conducted to better understand gas composition, and to develop improved analytic equipment suitable for daily operational use.

¹² That proceeding was initially concerned only with gas interchangeability, but was later broadened in scope to include the gas quality issue of hydrocarbon liquids dropout.

¹³ The Natural Gas Council is an organization made up of the representatives of the trade associations of the different sectors of the natural gas industry. The associations particularly involved in writing the *White Paper* were the Independent Petroleum Association of America (IPAA), representing independent natural gas producers; the Natural Gas Supply Association (NGSA), representing producers and marketers of natural gas; the Interstate Natural Gas Association of America (INGAA), representing interstate pipelines; and the American Gas Association (AGA) representing natural gas utilities (LDCs).

¹⁴ The NGC+ group, which wrote the paper, included many industry volunteers from the member companies of the various trade associations as well as other industry participants interested in these issues.

¹⁵ The phrase “C6+ GPM” stands for hexanes and hydrocarbons with more than six carbon atoms, as measured in gallons per million cubic feet of natural gas. Measuring and controlling for the amount of these heavier hydrocarbons in the natural gas stream is an alternative to the CHDP method.

12. The Commission solicited written comments on the NGC+ Reports and subsequently convened a technical conference on May 17, 2005 to allow for further public comment on and discussion of the issues raised by the Reports. In addition, the Commission solicited comments on the NGSA's May 16, 2005 petition for rulemaking.

13. On June 15, 2006, the Commission issued its *Policy Statement* on gas quality and interchangeability.¹⁶ The Commission's policy embodies five principles: (1) only natural gas quality and interchangeability specifications contained in a Commission-approved gas tariff can be enforced; (2) pipeline tariff provisions on gas quality and interchangeability need to be flexible to allow pipelines to balance safety and reliability concerns with the importance of maximizing supply, as well as recognizing the evolving nature of the science underlying gas quality and interchangeability specifications; (3) pipelines, their customers, and other interested parties¹⁷ should develop gas quality and interchangeability specifications based on technical requirements; (4) in negotiating technically based solutions, pipelines and their customers are strongly encouraged to use the Natural Gas Council Plus (NGC+) interim guidelines filed with the Commission on February 28, 2005¹⁸ as a common reference point for resolving gas quality and interchangeability issues; and, (5) to the extent the parties cannot resolve disputes over gas quality and interchangeability, those disputes can be brought before the Commission to be resolved on a case-by-case basis, on a record of fact and technical review.

14. The Commission will now address Columbia Gulf's compliance filing with the guidance provided by the *Policy Statement*.

The Filing

15. Columbia Gas states it is proposing an HDP standard rather than a Btu standard. It believes an HDP standard is the most effective means of addressing liquids dropout and ensuring the safety and reliability of its system and notes that the industry has moved toward use of an HDP standard.

¹⁶115 FERC ¶ 61,325 (2006) (*Policy Statement*).

¹⁷ See *ANR Pipeline Co.*, 116 FERC ¶ 61,002 at P 110 (2006).

¹⁸ *Report on Liquid Hydrocarbon Drop Out in Natural Gas Infrastructure* (HDP Report) and *Report on Natural Gas Interchangeability and Non-Combustion End Use* (Interchangeability Report).

16. Columbia Gas proposes in section 25.1(j) of its Second Revised Volume No. 2's General Terms and Conditions that gas tendered to the pipeline have a hydrocarbon dew point "not greater than 15° F at any operating pressure."¹⁹ In its transmittal letter, Columbia Gulf states it will accept gas that has an HDP at or below 15° F and will not require that such gas be processed.²⁰ Columbia Gulf states it is critical to choose a single hydrocarbon dewpoint limit for all gas it receives because (1) its system is designed and operated for dry²¹ gas; (2) the bulk of the gas it receives is wet gas from the Gulf of Mexico; (3) gas must be processed before it is received on the onshore portion of its system as there are no processing plants on the onshore portion of the system;²² and (4) gas cannot be added for blending purposes once the gas is received into its onshore system.²³

17. Other portions of Columbia's proposal are as follows. Revised section 25.2 permits Columbia Gas to revise gas quality and physical property specifications through postings on its website in order to prevent harm to the pipeline's facilities or operations, ensure the merchantability of the gas, prevent hydrocarbon dropout, and assure that gas will be accepted for delivery into interconnects with interstate pipelines, intrastate pipelines, end-users or directly connected LDCs. New section 25.3(b) provides, in part, that Columbia Gulf may not refuse to accept gas that conforms to the specifications and restrictions set forth in section 25.1, superceding values posted on its website, or an effective OFO.²⁴

¹⁹ MARKED VERSION, Sheet No. 235. All tariff section and tariff sheet number references are to Columbia Gulf's FERC Gas Tariff, Second Revised Volume No. 2's General Terms and Conditions.

²⁰ Transmittal Letter at 3.

²¹ Dry gas denotes gas that does not contain heavier hydrocarbons, while wet gas denotes gas that does contain heavier hydrocarbons.

²² The onshore portion of its system consists of the East and West Laterals and the segment from the tailgate of the Blue Water Gas Processing Plant to Egan, Louisiana. Transmittal Letter at 3.

²³ Transmittal Letter at 3-4.

²⁴ MARKED VERSION, Sheet No. 235.

18. New section 25.3(a)²⁵ provides posting procedures for revisions to gas quality and physical property specifications including ten days' notice of a change. New section 25.4²⁶ provides that Columbia Gulf may refuse to accept gas that does not meet specifications set pursuant to section 25; that shippers may be required to provide evidence that gas is being processed; and that Columbia Gulf may refuse to execute any agreement that does not contain the gas quality and physical property specifications and restrictions that it considers reasonable and necessary.

19. New section 25.3(b)²⁷ states, in part, that Columbia Gulf may not decrease the HDP limit below 15° F except pursuant to an OFO. New sections 25.5 and 17.2(c)(8) provide that Columbia Gulf may issue an OFO in response to the imposition of lowered HDP limits by interconnecting interstate pipelines, intrastate pipelines, end users, or directly connected LDCs.²⁸

Procedural Matters

20. Public notice of Columbia Gulf's March 10, 2004 compliance filing in Docket No. RP04-98-001 was issued on March 16, 2004. Protests were due on March 22, 2004 as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2005)). Some entities filed late motions to intervene in this proceeding.²⁹ Pursuant to Rule 214, 18 C.F.R. § 385.214 (2005), 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 the proceeding or place additional burdens on existing parties.

²⁵ *Id.*

²⁶ *Id.*, Sheet No. 235A.

²⁷ *Id.*, Sheet No. 235.

²⁸ *Id.*, Sheet Nos. 209B and 235A.

²⁹ The following entities filed late motions to intervene: the Tennessee Valley Authority (TVA) (March 19, 2004); the Independent Petroleum Association of America (IPAA) (March 22, 2004); Gulf South Pipeline Company, LP (Gulf South) (March 25, 2004); Duke Energy Trading and Marketing, L.L.C. and Duke Energy Marketing America, L.L.C. (Duke Energy) (March 26, 2006); and High Island Offshore System, L.L.C. (High Island) (June 30, 2004).

21. Several parties filed protests and comments, as described below.

Comments

22. Several LDCs and end users support Columbia Gulf's proposal. The Columbia Distribution Companies³⁰ support Columbia Gulf's filing without comment. The Nashville Gas Company, a division of Piedmont Natural Gas Company (Piedmont), supports the 15° F HDP limit as a maximum limit,³¹ stating that it has recurrently experienced operational difficulty as a result of hydrocarbon liquid drop out in Nashville. The TVA³² and the Process Gas Consumers Group (PGC) support the 15° F HDP limit as a safe harbor. PGC adds that, to promote reliability and certainty, Columbia Gulf should have a maximum HDP level of 25° F, so that the HDP of gas transported by Columbia Gulf would fall within a range of from 15° F to 25° F.

23. Some LDCs seek more information or oppose the proposal. The East Ohio Gas Company d/b/a/ Dominion East Ohio (Dominion East Ohio) asks that Columbia Gulf explain how the adoption of the 15° F HDP limit will affect the quality of gas that has flowed on the pipeline historically with respect to both HDP and Btu values. The Cities of Charlottesville and Richmond, Virginia (Cities) ask the Commission to reject Columbia Gulf's filing unless Columbia Gulf can show that its proposal will protect downstream systems, including those not directly interconnected with Columbia Gulf.

24. Gulf South³³ opposes the proposal as unjust and unreasonable because based on its view that the proposal will impede Gulf South's ability to make deliveries into

³⁰ Columbia Gas of Kentucky, Inc., Columbia Gas of Maryland, Inc., Columbia Gas of Pennsylvania, Inc., Columbia Gas of Ohio, Inc., and Columbia Gas of Virginia, Inc.

³¹ Citing March 10 filing at 3. *See also* Proposed section 25.1(j) which provides that all gas tendered to Columbia Gulf will "[h]ave a hydrocarbon dew point of not greater than 15 degrees Fahrenheit at any operating pressure." MARKED VERSION, Sheet No. 235.

³² The TVA uses natural gas in combustion turbines that are part of its power generating system.

³³ Gulf South states its system is located entirely within the southern portion of the United States. It states that it does not have an HDP requirement, but that its Tariff regulates the individual components of the gas stream.

Columbia Gulf, even though the gas Gulf South is delivering meets Gulf South's Tariff requirements,³⁴ and limit Gulf South's ability to compete with intrastate pipelines to connect new gas supplies.

25. Indicated Shippers³⁵ and the Producer Coalition³⁶ assert the filing should be rejected or the 15° F HDP limit and its posting procedures should be set for hearing. They claim Columbia Gulf has offered no data to support its proposed 15° F HDP limit³⁷ and that this limit is unnecessary. Indicated Shippers also assert Columbia Gulf should clarify whether the proposed 15° F HDP limit is a ceiling or a floor.³⁸ Indicated Shippers argue Columbia Gulf should establish an HDP safe harbor which would be a minimum and permit HDP levels above the safe harbor level. If the 15° F HDP limit is not a safe harbor, the Producer Coalition asserts Columbia Gulf should justify why it is not. The PGC urges Columbia Gulf to use the cricondentherm HDP (CHDP) for its HDP limit.

26. In addition, the parties also commented on whether Columbia Gulf could lower the HDP limit below 15° F through Operational Flow Order (OFO) or other tariff

³⁴ Gulf South states that 50 percent of its throughput is delivered onto other interstate systems.

³⁵ Indicated Shippers consist of BP America Production Company and BP Energy Company; ChevronTexaco Natural Gas, a division of Chevron U.S.A. Inc.; ConocoPhillips Company; and ExxonMobil Gas & Power Marketing Company, a Division of ExxonMobil Corporation.

³⁶ The Producer Coalition consists of Devon Energy Corporation, Dominion Exploration & Production, Inc., Forest Oil Corporation, The Houston Exploration Company, Kerr-McGee Oil & Gas Corporation, Newfield Exploration Company, Spinnaker Exploration Company, TOTAL E&P U.S.A., INC., and Westport Resources Corporation. The Producer Coalition states that it supports the positions of Indicated Shippers.

³⁷ Indicated Shippers indicate the following data would be relevant: the average ambient ground and gas temperatures on Columbia Gulf, instances of liquid drop out on Columbia Gulf, or instances when downstream systems refused to accept gas from Columbia Gulf because the HDP level was too high.

³⁸ Proposed section 25.1(j) provides that all gas tendered to Columbia Gulf will “[h]ave a hydrocarbon dew point of not greater than 15 degrees Fahrenheit at any operating pressure.” MARKED VERSION, Sheet No. 235.

provisions to protect the operational integrity of downstream systems. The LDCs favored such provisions, while the producers opposed them. Producers ask that Columbia Gulf permit blending of supplies to meet HDP limits and provide more information on HDP levels as the Commission required in *Natural Gas Company of America*.³⁹

Discussion

27. Columbia Gulf filed its proposal in March 2004, well before the issuance of the NGC+ *White Paper* on liquid dropout and the Commission's *Policy Statement*. As a result, neither Columbia Gulf's compliance filing nor the parties' comments address all the requirements and concerns of the *Policy Statement*. Consequently, the Commission requires Columbia Gulf to update its compliance filing in light of the *Policy Statement*. In addition, the *Policy Statement* encourages pipelines, customers, and other interested parties to resolve gas quality issues on their own.⁴⁰ To this end, the Commission will not require Columbia Gulf to file this compliance filing until sixty days after the date of this order. This will provide an opportunity for Columbia Gulf to discuss with interested parties technical, engineering and scientific considerations of its proposal in order to resolve as many issues as possible before Columbia Gulf makes its revised filing. Parties may file comments on Columbia Gulf's revised proposal twenty days thereafter. In addition, the Commission directs staff to convene a technical conference, after the revised pleadings have been filed, to address technical, engineering, and operational issues raised by Columbia Gulf's revised proposal.

28. In updating its filing, Columbia Gulf should address the relevant procedures and guidelines set forth in the *Policy Statement*, including the following. First, the *Policy Statement* emphasizes that gas quality standards should be based upon "sound technical, engineering and scientific considerations."⁴¹ Accordingly, Columbia Gulf should include in its revised compliance filing all the technical, engineering and operational information upon which it relies to support each of its proposed gas quality standards.

³⁹*Natural Gas I*, 102 FERC ¶ 61,234 at P 38, *Natural Gas II*, 104 FERC ¶ 61,322 at P 50 .

⁴⁰ *Policy Statement*, at P31. *ANR Pipeline Co.*, 116 FERC ¶ 61,002 at P 110 (2006).

⁴¹ *Policy Statement*, at P 31.

29. Second, the *Policy Statement* states that jurisdictional tariffs should contain provisions that govern the quality of gas received for transportation⁴² when necessary to manage hydrocarbon liquid dropout within acceptable levels. The *Policy Statement* notes the *White Paper* identified two valid methods that might be used to control hydrocarbon liquid dropout--the cricondentherm HDP (CHDP) method and the C6+ GPM method—and strongly encourages the use of one of these two methods.⁴³ The *Policy Statement* requires a pipeline that wishes to propose a different method to explain how the proposed method differs from the CHDP method described in the *White Paper*.⁴⁴ In its March 10 filing, Columbia Gulf proposed an HDP limit of “not greater than 15° F at any operating pressure.” It is not clear whether this standard is intended to be equivalent to a 15° F CHDP standard, and, if not, how it differs from the CHDP method. Accordingly, the Commission directs that Columbia Gulf clarify whether its proposal uses the CHDP method, and explain any differences between its proposal and the CHDP method.

30. Third, the *Policy Statement* also requires a pipeline filing to revise its gas quality standards to include a comparison, in equivalent terms, of its proposed gas quality specifications and those of each interconnecting pipeline.⁴⁵ The purpose of this requirement is to enable the Commission to examine the appropriate circumstances in each individual case and give appropriate weight to the gas quality requirements of interconnecting pipelines, as well as the requirements of markets directly served.⁴⁶ Accordingly, the Commission requires that Columbia Gulf include the required information in its revised compliance filing.

31. Fourth, the *Policy Statement* states that a pipeline’s tariff should state the natural gas quality specifications for gas that the pipeline will deliver to its customers.⁴⁷ There is no statement in Columbia Gulf’s proposal concerning existing or proposed gas quality specifications for gas that Columbia Gulf delivers to its customers. Accordingly,

⁴² *Policy Statement*, at P 34.

⁴³ *Id.* For a technical description of these methods, see *White Paper*, especially sections 4 through 6.

⁴⁴ *Policy Statement* at P 34.

⁴⁵ *Id.*

⁴⁶ *Id.* at P 35.

⁴⁷ *Id.*

Columbia Gulf must explain or propose gas quality specifications for gas to be delivered to customers.

32. Finally, the *Policy Statement* addresses blending, pairing, and similar strategies. These strategies consist of the mixing together of different gas streams. They may allow gas with a higher HDP (rich gas) to be received on a pipeline's system because it will be mixed with gas of a lower HDP (lean gas) and will ultimately meet a pipeline's HDP limits. The *Policy Statement* encourages the use of blending, pairing, and other strategies to combine rich gas supplies with lean gas supplies in order to accommodate more production when these actions can be undertaken on a non-discriminatory basis and in a manner that is consistent with safe and reliable operations.⁴⁸ Columbia Gulf's revised proposal should address this aspect of the *Policy Statement*.

33. Accordingly, the Commission requires that, within sixty days, Columbia Gulf update its compliance filing to address the concerns and requirements of the *Policy Statement* discussed above. In accordance with the *Policy Statement*, Columbia Gulf must include tariff provisions in its new proposal that provide the technical specifications required of gas quality delivered to the pipeline for transportation. These new tariff provisions must use the CHDP method or the C6+ GPM method described in the *White Paper*, or, if they do not, Columbia Gulf must explain how its proposed method differs from the CHDP method described in the *White Paper*. In accordance with the *Policy Statement*, Columbia Gulf must also provide a comparison, in equivalent terms, of its proposed gas quality specifications with those of each interconnecting pipeline.

The Commission orders:

(A) The Commission requires Columbia Gulf to make a filing with actual tariff sheets that addresses the requirements and concerns of the *Policy Statement* as discussed in the body of this order within sixty days of the date this order issues.

(B) Parties must file any comments on Columbia Gulf's revised compliance filing within twenty days of the date Columbia Gulf makes that filing.

(C) The Commission's staff is directed to convene a technical conference to address the issues raised by Columbia Gulf's filing and the parties' comments and report

⁴⁸ *Policy Statement* at P 41. The *Policy Statement* states that "safe harbor" provisions and informational posting requirements are means of minimizing the potential for undue discrimination when a pipeline permits blending. *Id.* at P 77 citing *Natural Gas I* at P 43 and 48.

the results of the conference to the Commission within 180 days of the issuance of this order.

By the Commission. Commissioner Moeller not participating.
Commissioner Wellinghoff voted present.

(S E A L)

Magalie R. Salas,
Secretary.