

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Questar Southern Trails Pipeline
Company

Docket No. RP03-612-001

ORDER ON REHEARING

(Issued April 20, 2004)

1. On November 24, 2003, BP Energy Company (BP) filed a request for rehearing of the Commission's October 24, 2003 Order (October 24 Order) accepting revised tariff sheets filed by Questar Southern Trails Pipeline Company (Questar Southern Trails) updating the Measurement Section of its FERC Gas Tariff.¹ BP seeks rehearing of the Commission's decision not to require Questar Southern Trails to adopt a 1 percent measurement error tolerance and a twelve-month retroactive period for measurement corrections. For the reasons discussed below, the Commission denies rehearing. This order benefits the public by providing certainty about Questar Southern Trails' tariff provisions and rates.

Background

2. In its original filing on September 24, 2003, Questar Southern Trails submitted proposed tariff sheets to update the Measurement section of its FERC Gas Tariff to comport with current industry measurement standards and practices.² On October 7, 2003, BP filed an out-of-time protest requesting the Commission to direct Questar Southern Trails to make the following additional changes to its tariff: (1) change the current six month retroactive period for measurement corrections to a twelve-month period, and (2) change the measurement error tolerance from the present 2 percent to 1

¹ 105 FERC ¶ 61,125 (2003).

² FERC Gas Tariff, Original Volume No. 1: First Revised Sheet Nos. 72 through 78.

percent. On October 24, 2003, the Commission accepted Questar Southern Trails' proposed tariff sheets for filing, to be effective on October 24, 2003. The October 24 Order denied BP's protest finding that the changes proposed by BP were outside the scope of the filing.

BP's Rehearing Request

3. In its rehearing request, BP argues initially that it is appropriate to consider tariff revisions other than those proposed by Questar Southern Trails in its filing of September 24, 2003. BP argues that the best forum to revisit a pipeline's existing tariff provisions is when the pipeline proposes to revise its tariff. BP argues that this gives shippers and the Commission the opportunity not only to review the proposed tariff revisions but also to revisit other related provisions in the pipeline's tariff to ensure that these provisions continue to be reasonable. BP argues, further, that consideration of revisions to other existing tariff provisions in addition to a pipeline's proposed revisions in a single forum promotes efficiency and conserves the Commission's and the shippers' resources.

4. BP cites the Commission's decision in Natural Gas Pipeline Company of America (NGPL) accepting certain tariff revisions, including the elimination of the requirement that NGPL issue an operational flow order when the pipeline cannot schedule all firm service nominations.³ BP points out that, in response to shippers' protests in that proceeding, the Commission directed NGPL to revise its tariff to include an additional provision providing a reservation charge credit during curtailment. According to BP, this decision by the Commission recognizes that a tariff filing creates a forum to address related aspects of the pipeline's existing tariff.

5. BP then reiterates the substantive arguments it raised in its original protest. BP argues that a 2 percent error tolerance is a relic of the paper chart measurement era, and that electronic equipment can easily accommodate a 1 percent error tolerance. BP also argues that a retroactive measurement period shorter than twelve months does not provide enough time to allow audits to uncover and resolve measurement errors. BP points out that other pipelines use a 1 percent error tolerance and a twelve-month retroactive measurement period and, therefore, Questar Southern Trails should, too. BP argues that both the 2 percent error tolerance and the six-month retroactive measurement period (1) impose financial harm on shippers, (2) deprive shippers of revenue, (3) distort market signals, and (4) impair growth of gas production in the region. BP concludes, therefore, that the Commission should direct Questar Southern Trails to adopt a 1 percent error tolerance and a twelve-month retroactive period for measurement corrections.

³ 102 FERC ¶ 61,326 (2003).

Questar Southern Trails' Answer

6. Questar Southern Trails filed an answer to BP's rehearing request on December 19, 2003. Questar Southern Trails opposes BP's rehearing request arguing that BP's proposed changes will present operational problems on the system. Questar Southern Trails points out that it did not propose changes either to its existing, Commission-approved, six-month retroactive measurement adjustment period or to its 2 percent error tolerance factor. According to Questar Southern Trails, BP should not be allowed to challenge aspects of Questar Southern Trails tariff approved by the Commission in a prior proceeding. Questar Southern Trails points out, further, that BP's request for a twelve-month retroactive period for measurement corrections is contrary to NAESB standards adopted by the Commission. According to Questar Southern Trails, the 2 percent error tolerance factor is appropriate since future meter installations may not be able to utilize the latest technology because of limiting factors such as delivery-point size. Questar Southern Trails contends that a 1 percent error tolerance factor may preclude it from providing service to potential low volume interconnects, and may put other existing measurement facilities on its system out of compliance. Finally, Questar Southern Trails points out that the tariff provisions BP seeks to change are identical to the tariffs recently approved by the Commission for Overthrust Pipeline Company and Questar Pipeline Company.⁴ According to Questar Southern Trails, implementation of different tariff provisions for Questar Southern Trails' pipeline, therefore, will present operational problems for Questar Southern Trails.

Discussion

Procedural Matters

7. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2003), prohibits an answer to a request for rehearing unless otherwise ordered by the decisional authority. We will accept Questar Southern Trails' answer because it has provided information that assisted us in our decisionmaking.

Commission Decision

8. The Commission denies BP's request for rehearing. The Commission has the authority pursuant to section 5 of the Natural Gas Act (NGA) to modify existing provisions of a pipeline's tariff. However, in this case, where the pipeline is operating under a FERC-approved tariff and is in compliance with NAESB standards, the

⁴ See Overthrust Pipeline Co., Docket No. RP04-78-000, approved Dec. 18, 2003, and Questar Pipeline Co., Docket Nos. RP03-342-000 and RP03-342-001, approved on May 29, 2003, and RP03-342-003, approved on Oct. 21, 2003.

Commission finds that instituting an NGA section 5 case is not appropriate. BP has not provided any evidence to support a Commission determination that Questar Southern Trails' tariff provisions are unjust, unreasonable, unduly discriminatory, or preferential.⁵

9. The NGPL case cited by BP as support for its proposition that the Commission direct revisions to provisions in Questar Southern Trails' tariff other than the provisions that it was proposing to revise is inapposite. The Commission's decision in the NGPL case directly related to the issues which were present in that case, and was based on a sufficient and complete record in order to make such a decision. These factors are not present in this case.

10. Finally, the six-month retroactive measurement correction period in Questar Southern Trail's current tariff is consistent with NAESB Wholesale Gas Quadrant Standard No. 2.3.14. The Commission approved this six-month retroactive measurement correction period and the 2 percent tolerance factor for retroactive correction of payments in Docket No. RP02-318-000.⁶ BP did not challenge the provision in that docket. Its challenge here thus is a collateral attack on the Commission's decision in that proceeding.

11. Here, the Commission reviewed Questar Southern Trails' revisions to the Measurement section of its tariff, and found that they conform to current industry measurement standards and practices. The issues raised in BP's request are outside the scope of Southern Trails' proposal. The Commission, therefore, denies BP's request for rehearing.

The Commission orders:

BP's request for rehearing is denied.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

⁵ 15 U.S.C. § 717d (2000).

⁶ See Questar Southern Trails Pipeline Co., 99 FERC ¶ 61,281 (2002).