169 FERC ¶ 61,032
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

October 17, 2019

In Reply Refer To:
Arkansas Oklahoma Gas Corporation
Docket No. PR19-42-000

Arkansas Oklahoma Gas Corporation
c/o Dorsey & Whitney LLP
1401 New York Avenue, NW
Suite 900
Washington, DC 20006

Attention: Steven A. Weiler

Ladies and Gentlemen:

1. On February 22, 2019, Arkansas Oklahoma Gas Corporation (AOG) filed its annual report in compliance with Paragraph 13 of the Commission order issued on December 18, 2014 in Docket No. PR14-55-000.[1] In that order, the Commission granted AOG a waiver until January 15, 2020 to: (1) continue to charge its currently effective rates for interruptible transportation service provided under an Order No. 63 blanket certificate[2] without submitting an informational rate filing; and (2) identify "production pool" instead of specific receipt points for each transaction reported in Form No. 549-D,[3] subject to AOG filing an annual report no later than March 1 of each year until March 1, 2019 demonstrating that the circumstances supporting the waiver have not changed. AOG requests the Commission continue to permit, until January 15, 2025, the limited

[1] *Arkansas Oklahoma Gas Corp.*, 149 FERC ¶ 61,239, at P 13 (2014).

[2] *See Arkansas Oklahoma Gas Corp.*, 33 FERC ¶ 61,197 (1985); and *Certain Transportation, Sales and Assignments by Pipeline Companies not Subject to Commission Jurisdiction Under Section 1(c) of the Natural Gas Act*, Order No. 63, FERC Stats. & Regs. ¶ 30,118 (1980) (cross-referenced at 10 FERC ¶ 61,003) (Order No. 63).

[3] 18 C.F.R. § 284.126(b) (2019).

waivers previously granted. For good cause shown, the Commission grants AOG's requested waivers subject to the conditions set forth below.

2. AOG states that it is a small local distribution company (LDC) that serves approximately 58,000 residential, commercial, and industrial customers in a five-county area in Western Arkansas and a five-county area in Eastern Oklahoma with natural gas produced by third party producers and delivered into AOG's system. AOG states that pursuant to its Order No. 63 blanket certificate, the service it performs is essentially a gathering service and AOG has only one delivery point, but many input points and a significant number of small volume wells are collected at numerous central measurement points. Other wells are attached directly to AOG's distribution system. In addition, AOG states it uses on-system produced gas to satisfy the requirements of its distribution customers, and delivers an excess supply to an interconnection with a third-party gatherer. AOG further states it does not know from which wells a particular shipper is sourcing its gas.[4] AOG also notes it does not make any sales for resale. AOG's rates, services, and facilities in Arkansas are regulated by the Arkansas Public Service Commission, while those in Oklahoma are regulated by the Oklahoma Corporation Commission.

3. In the instant filing, AOG requests that the Commission continue to waive the requirement that AOG submit a rate filing until January 15, 2025, to prevent an undue burden on AOG and its LDC customers.[5] AOG presents several arguments in support of its waiver. First, AOG points out that it currently provides interruptible service to five shippers.[6] AOG also asserts that all Order No. 63 natural gas is delivered to a single point on an unaffiliated, unregulated gathering company. Second, the pipeline notes that it does not profit from Order No. 63 service, but rather credits 100 percent of the revenues to its state-regulated, local distribution service customers as required by the state regulators. Because all Order No. 63 revenues are credited to AOG's distribution customers, AOG states, any Order No. 63 losses will be subsidized by AOG's distribution customers.[7] Third, AOG states that its transportation volumes have been steadily declining. AOG asserts that, in 1991, it transported approximately 10.4 million MMBtu annually for which it received approximately $1.3 million in revenues; while in

[4] AOG Waiver Request at 9.

[5] AOG Waiver Request at 2, 9-10.

[6] *See* Exhibit B.

[7] *Id.*

2018 it had only shipped 64,206 MMBtu which results in total revenues of $3,211.[8] AOG estimates that if it does not receive a waiver of the requirement to submit a rate filing, by contrast, its filing costs could exceed $50,000.[9]

4. On July 12, 2011, in Docket No. PR11-86-000, the Commission granted AOG a limited waiver of the requirement in Form No. 549-D to specify the receipt point for each jurisdictional transaction (Receipt Point Reporting Requirement), as required by section 284.126(b)(1)(iv), which was promulgated by Order No. 735.[10] Form No. 549-D is a quarterly transportation and storage report for intrastate natural gas and Hinshaw pipelines. Section 284.126(b)(1)(iv) requires that, as part of the report, the respondent detail "the primary receipt and delivery points covered by the contract, identified by the list of points that the pipeline has published with the Commission." However, in Order No. 735, the Commission acknowledged the particular challenges in reporting receipt points for systems that perform a gathering function. Accordingly, the Commission declared, "for gas received from dedicated wells or gathering lines, respondents may instead note as the receipt point the common point where the gathered gas is considered to enter the pipeline's transmission system."[11] In the July 2011 Order, the Commission granted AOG a limited waiver allowing AOG to designate its receipt points as "production pool" on Form No. 549-D.[12] However, the Commission required AOG, if it wished to extend the waiver, to demonstrate in its Informational Rate Filing why the Receipt Point Reporting Requirement waiver should be extended.[13]

5. In the instant filing, AOG requests waiver of the Receipt Point Reporting Requirement until January 15, 2025, to be further evaluated in AOG's next rate filing, if

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[8] *See* Exhibit C.

[9] AOG Waiver Request at 11.

[10] *Arkansas Oklahoma Gas Corp*., 136 FERC ¶ 61,028 (2011) (July 2011 Order); *see Contract Reporting Requirements of Intrastate Natural Gas Companies*, Order No. 735, 131 FERC ¶ 61,150, *order on reh'g*, Order No. 735-A, 133 FERC ¶ 61,216 (2010).

[11] Order No. 735, 131 FERC ¶ 61,150 at P 60.

[12] July 2011 Order, 136 FERC ¶ 61,028 at P 8.

[13] *Id.* (The Commission stated that: "[u]nless AOG requests in that filing that the waiver be extended and *demonstrates that its circumstances have not changed*, our grant of waiver shall expire 150 days thereafter [emphasis added].").

any.[14] AOG asserts that the facts relied on by the Commission in granting the waiver have not changed materially. AOG states that it has only one delivery point but many input points, and a number of small volume wells are collected at numerous central measurement points. Other wells are attached directly to AOG's distribution system. Consequently, AOG concludes that it does not know from which wells a particular shipper is sourcing its gas. Therefore, AOG requests the Commission continue its waiver of the requirements of Form No. 549-D, allowing AOG to designate its receipt points as "production pool."

6. Public notice of AOG's request for waivers was issued on February 28, 2019. Interventions and protests were due on or before March 15, 2019. Pursuant to Rule 214,[15] all timely filed motions to intervene and any motion to intervene filed out-of-time before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt this proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

7. For good cause shown, the Commission grants AOG's requested limited waivers, subject to AOG continuing to fulfill the July 2011 Order's annual reporting requirements. AOG must file an annual report with the Commission, no later than March 1, 2020, and annually thereafter no later than March 1 of each year, until March 1, 2025. The annual reports must demonstrate that the circumstances supporting the waivers herein have not changed. The annual reports must include updates of all the exhibits in this filing with an explanation of any material changes.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

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[14] AOG Waiver Request at 12.

[15] 18 C.F.R. § 385.214 (2019).