

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:
Letter Order Pursuant to § 375.307
Guardian Pipeline, L.L.C.
Docket No. RP18-926-000

July 26, 2018

Guardian Pipeline, L.L.C.
c/o ONEOK, Inc.
100 West 5th Street
Tulsa, OK 74103

Attention: Denise Adams, Director
Rates and Regulatory Compliance

Reference: Reservation of Capacity

Dear Ms. Adams:

On June 29, 2018, Guardian Pipeline, L.L.C. filed a revised tariff record¹ to amend its tariff provisions regarding reservation of capacity for pre-arranged deals and expansion/extension projects. The referenced tariff record is accepted effective July 30, 2018, as requested.

Public notice of the filing was issued on July 3, 2018. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R § 154.210 (2017)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2017)), all timely filed motions to intervene and any unopposed motion 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. No protests or adverse comments were filed.

¹ Guardian Pipeline, L.L.C., FERC NGA Gas Tariff, Guardian FERC Gas Tariff, [Part 8, Section 37, GT&C - Pre-Arranged Deals and Expansion/Extension Projects, 2.0.0.](#)

Docket No. RP18-926-000

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This acceptance for filing shall not be construed as a waiver of the requirements of section 7 of the Natural Gas Act, as amended; nor shall it be construed as constituting approval of the referenced filing or of any rate, charge, classification, or any rule, regulation, or practice affecting such rate or service contained in your tariff; nor shall such acceptance be deemed as recognition of any claimed contractual right or obligation associated therewith; and such acceptance is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against your company.

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713 (2017).

Sincerely,



Marsha K. Palazzi, Director
Division of Pipeline Regulation

Document Content(s)

RP18-926-000.DOCX.....1-2



June 29, 2018

Ms. Kimberly D. Bose
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Guardian Pipeline, L.L.C.
Tariff Volume No. 1
Revisions to Reservation of Capacity for Expansion/Extension Projects
Docket No. RP18-926-000

Dear Ms. Bose:

Pursuant to section 4 of the Natural Gas Act and Part 154 of the Federal Energy Regulatory Commission's (Commission) regulations, Guardian Pipeline, L.L.C. (Guardian) respectfully submits the tariff record listed below as part of its FERC Gas Tariff, Volume No. 1 (Tariff). The proposed Tariff revision is submitted to become effective July 30, 2018.

Part 8.37, GT&C – Pre-Arranged Deals and Expansion/Extension Projects, v. 2.0.0

Statement of Nature, Reasons and Basis for the Proposed Changes

Guardian proposes to modify Part 8.37, Pre-Arranged Deals and Expansion/Extension Projects, to include reservation of capacity for future expansion or extension projects authorized under § 157.203(c) of the Commission's regulations (prior-notice authorization). All other tariff requirements shall remain the same. Currently Part 8.37 of Guardian's Tariff only permits the reservation of capacity for projects authorized via a NGA § 7(c) certificate application.¹ Following Commission approval of the proposed changes herein, Guardian will continue to offer any unsubscribed capacity to shippers through the Tariff procedures before reserving any capacity, will provide notice and will make the reserved capacity available during the interim period. Such capacity available for reservation may include (1) unsubscribed capacity; (2) capacity under expiring or terminating agreements that do not have a Right of First Refusal (ROFR) or where the shipper does not exercise its ROFR; and/or (3) capacity that is returned to Guardian in response to a direct solicitation to capacity holders for permanent releases of capacity to serve the expansion project.

The Commission has determined that reservation of capacity for expansion projects “will minimize facility construction and associated environmental impacts, will encourage

¹ *Guardian Pipeline, L.L.C.*, unpublished letter order finding Guardian's tariff language just and reasonable issued Jan. 8, 2015 in Docket No. RP15-263-000.

fuller utilization of capacity, and will minimize the rate impact of allocating costs of unsubscribed capacity to existing customers once the pipeline completes the expansion.”² Moreover, the Commission has previously found proposals to reserve capacity for projects completed as part of prior-notice expansion projects to be just and reasonable.³

Guardian has found that, due to the competitiveness in its markets, some future expansions within the prior-notice cost limits of § 157.208 require shipper commitments for the future expansion. Without the ability to reserve capacity under prior-notice authorizations, Guardian would currently be required to file NGA § 7(c) certificate applications due solely to the reservation of capacity.

Because the Commission’s regulations provide protections for interested parties by providing 60 days of notice, the process is transparent and provides ample opportunity for all parties to raise and resolve concerns.⁴ Additionally, Guardian’s Tariff will provide protection to shippers by limiting Guardian’s ability to reserve capacity to 12 months before filing a request for prior-notice authorization with the Commission. Therefore, Guardian’s proposal herein is consistent with Commission precedent.⁵

Proposed Tariff Revision

In Part 8, Section 37.2, Guardian proposes to add language that a reservation of capacity may occur for a 12-month period prior to Guardian requesting prior-notice authorization for construction or acquisition of proposed expansion/extension facilities. Following the prior-notice filing the reservation of capacity may continue only until all expansion/extension facilities related to the prior-notice filing are placed into service.

Materials Enclosed

In accordance with section 154.7 of the Commission’s regulations, the following items are included in this filing:

1. an eTariff XML filing package containing the proposal in electronic format;
2. a transmittal letter in PDF format, which incorporates the Statement of Nature, Reasons and Basis for the filing required by section 154.7(a)(6) of the Commission’s regulations;
3. Appendix A – a clean version of the tariff record in PDF format for publishing in eLibrary; and,
4. Appendix B – a marked version of the tariff record in PDF format for publishing in eLibrary.

² *Columbia Gulf Transmission Co.*, 100 FERC ¶ 61,133 at P 9 (2002).

³ *See, e.g., Columbia Gas Transmission, LLC*, 131 FERC ¶ 61,093 at P 48 (2010); *Questar Pipeline Company*, 152 FERC ¶ 61,168 at P 7 (2015) (Questar).

⁴ 18 C.F.R. § 157.205.

⁵ *Questar* at P 7.

Proposed Effective Date

Pursuant to section 154.7(a)(3) of the Commission’s regulations, Guardian respectfully requests that the tariff record submitted herewith be approved by the Commission effective July 30, 2018. In accordance with section 154.7(a)(9) of the Commission’s regulations, Guardian hereby files a motion to place the proposed tariff record into effect at the end of any suspension period if one is so ordered by the Commission in this proceeding.

Waivers

Pursuant to section 154.7(a)(7) of the Commission’s regulations, Guardian has not identified any waivers of the Commission’s regulations needed to permit its filing to become effective as proposed; however, Guardian respectfully requests that, should the Commission determine that any such waivers are required, the Commission grant such waivers as are necessary in order that the revised tariff record may be made effective as proposed.

Service and Correspondence

In accordance with section 154.208 of the Commission’s regulations, the undersigned certifies that a copy of this filing has been served electronically on Guardian’s shippers and affected state regulatory commissions. A paper copy of this filing may only be served if a shipper has been granted waiver of electronic service pursuant to Part 390 of the Commission’s regulations. In addition, a copy of this filing is available for public inspection during regular business hours at Guardian’s office at 100 West Fifth Street, Tulsa, Oklahoma 74103.

Pursuant to section 385.2005 and section 385.2011(c)(5) of the Commission’s regulations, the undersigned has read this filing and knows its contents, and the contents are true as stated, to the best knowledge and belief of the undersigned.

It is requested that a copy of all communications, correspondence, and pleadings with respect to this filing be sent to:

Denise Adams Director, Rates and Regulatory Compliance ONEOK, Inc. 100 West 5th Street Tulsa, Oklahoma 74103 (918) 732-1408 Email: denise.adams@oneok.com	Lisa Nishimuta Managing Attorney, Interstate Regulatory ONEOK, Inc. 100 West 5th Street Tulsa, Oklahoma 74103 (918) 588-7730 Email: lisa.nishimuta@oneok.com
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Any questions regarding this filing may be directed to Denise Adams at (918) 732-1408.

Ms. Kimberly D. Bose
June 29, 2018
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Respectfully submitted,

/s/ Ron M. Mucci

Ron M. Mucci
Vice President, Rates and Regulatory Affairs
ONEOK, Inc.
100 West 5th Street
Tulsa, Oklahoma 74103

Attachments

Appendix A
Clean Tariff Record

37. RESERVATION OF CAPACITY FOR PRE-ARRANGED DEALS AND EXPANSION/EXTENSION PROJECTS

37.1 Reservation of Capacity for Pre-Arranged Deals

- (a) Pre-Arranged Capacity. Transporter may sell firm capacity, on a not unduly discriminatory basis, outside the time periods specified in Subsection 10.1(b) of the GT&C, when such capacity is either available unsubscribed capacity or capacity that will become available and is not subject to a right of first refusal, by selling such capacity on a pre-arranged basis.
- (b) If Transporter proposes to sell capacity on a pre-arranged basis, Transporter will post the terms of the pre-arranged transaction and other parties will have an opportunity to bid on the capacity pursuant to the open season bid evaluation process as set forth in Subsection 10.7(b) of the GT&C. At the time Transporter enters into a pre-arranged service agreement, Transporter will post a notice on its Web Site indicating that the pre-arranged capacity will be subject to an open bidding process within three (3) Business Days, even if such capacity has already been subject to an open season bidding process and is currently posted as available capacity. The open season notice will be posted at least ten (10) Business Days. If another party submits an acceptable bid on a net present value basis, the pre-arranged Shipper will have a one-time right to match the highest net present value acceptable bid in order to retain the capacity. If the pre-arranged Shipper elects not to match the highest competing bid, the capacity will be awarded to the bidder with the highest net present value acceptable bid. If there is an open season ongoing for certain capacity, Transporter will not enter into a pre-arranged deal for that capacity during the open season.
- (c) Transporter will separately identify on its Web Site all capacity that is anticipated to become available and is not subject to a right of first refusal. Transporter will not enter into any pre-arranged deals for capacity that has not previously been posted on its Web Site.

37.2 Reservation of Capacity for Expansion/Extension Projects

- (a) Transporter may elect to reserve capacity required for a future expansion/extension project out of unsubscribed capacity or capacity under expiring Service Agreements where such Service Agreements do not have a right of first refusal or Shipper does not exercise its right of first refusal. Transporter may only reserve capacity for a future expansion/extension project for which an open season has been or will be held within one year of the date that Transporter posts such capacity as being reserved. Prior to reserving capacity for an expansion/extension project, Transporter shall first post for bid all of its available capacity on its Web Site as set forth in Section 20 of the GT&C for a minimum of five (5) Business Days and award such capacity in accordance with the terms of the posting.
- (b) Capacity may be reserved for expansion/extension projects only during a 12-month period prior to Transporter filing for certificate approval or requesting prior notice authorization for construction or acquisition of proposed expansion/extension facilities, and following the certificate or prior notice filing, only until all expansion/extension facilities related to the certificate or prior notice filing are placed into service.
- (c) If Transporter reserves capacity for an expansion/extension project, it will notify Shippers of its intent as part of Transporter's posting of capacity on its Web Site. Transporter's posting for reserved capacity for future expansion/extension projects shall include the following information:
 - (a) a description of the project for which the capacity will be reserved;
 - (b) the total quantity of capacity to be reserved;
 - (c) the location of the proposed reserved capacity on the pipeline system;
 - (d) whether, and if so when, Transporter anticipates that an open season for the capacity will be held or the reserved capacity will otherwise be posted for bids;
 - (e) the projected in-service date of

new facilities; and (f) on an ongoing basis, how much of the reserved capacity has been sold on a limited-term basis that would otherwise be eligible for a right of first refusal. Transporter will make reasonable efforts to update the reservation posting up to the in-service date of the project to reflect any material changes in the scope of the project.

- (d) In the event the expansion/extension project capacity is oversubscribed in the project's open season and if capacity, that has been posted pursuant to this Subsection 37.2, remains unsubscribed after the posting for bid, and if such unsubscribed capacity is insufficient to serve the expansion/extension project, the reservation posting or open season will include a non-binding solicitation for turnback capacity from Transporter's existing Shippers to serve the expansion/extension project. If required, Transporter shall post a non-binding solicitation for expansion project related turnback capacity no later than ninety (90) days after the close of an expansion project's open season that is posted in accordance with Section 20 of the GT&C, specifying the minimum terms for a response to the solicitation.

37.3 Availability of Capacity on a Limited Term Basis

Any capacity sold or reserved under this Section 37 will be made available for transportation service pursuant to Transporter's FERC Gas Tariff on a limited-term basis up to the in-service date of the pre-arranged transaction or the expansion/extension project. Transporter reserves the right to limit any extension rights provided in such Service Agreement(s), pursuant to Section 23 of the GT&C commensurate with the proposed in-service date of any such transaction or facilities. Any capacity reserved for a project that does not go forward for any reason shall be reposted as generally available within thirty (30) days of the date the capacity becomes available. The previously reserved capacity will become available when the Transporter posts the capacity on its Informational Posting Web Site.

Appendix B
Marked Tariff Record

37. RESERVATION OF CAPACITY FOR PRE-ARRANGED DEALS AND EXPANSION/EXTENSION PROJECTS

37.1 Reservation of Capacity for Pre-Arranged Deals

- (a) Pre-Arranged Capacity. Transporter may sell firm capacity, on a not unduly discriminatory basis, outside the time periods specified in Subsection 10.1(b) of the GT&C, when such capacity is either available unsubscribed capacity or capacity that will become available and is not subject to a right of first refusal, by selling such capacity on a pre-arranged basis.
- (b) If Transporter proposes to sell capacity on a pre-arranged basis, Transporter will post the terms of the pre-arranged transaction and other parties will have an opportunity to bid on the capacity pursuant to the open season bid evaluation process as set forth in Subsection 10.7(b) of the GT&C. At the time Transporter enters into a pre-arranged service agreement, Transporter will post a notice on its Web Site indicating that the pre-arranged capacity will be subject to an open bidding process within three (3) Business Days, even if such capacity has already been subject to an open season bidding process and is currently posted as available capacity. The open season notice will be posted at least ten (10) Business Days. If another party submits an acceptable bid on a net present value basis, the pre-arranged Shipper will have a one-time right to match the highest net present value acceptable bid in order to retain the capacity. If the pre-arranged Shipper elects not to match the highest competing bid, the capacity will be awarded to the bidder with the highest net present value acceptable bid. If there is an open season ongoing for certain capacity, Transporter will not enter into a pre-arranged deal for that capacity during the open season.
- (c) Transporter will separately identify on its Web Site all capacity that is anticipated to become available and is not subject to a right of first refusal. Transporter will not enter into any pre-arranged deals for capacity that has not previously been posted on its Web Site.

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- (a) Transporter may elect to reserve capacity required for a future expansion/extension project out of unsubscribed capacity or capacity under expiring Service Agreements where such Service Agreements do not have a right of first refusal or Shipper does not exercise its right of first refusal. Transporter may only reserve capacity for a future expansion/extension project for which an open season has been or will be held within one year of the date that Transporter posts such capacity as being reserved. Prior to reserving capacity for an expansion/extension project, Transporter shall first post for bid all of its available capacity on its Web Site as set forth in Section 20 of the GT&C for a minimum of five (5) Business Days and award such capacity in accordance with the terms of the posting.
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 - (d) whether, and if so when, Transporter anticipates that an open season for the capacity will be held or the reserved capacity will otherwise be posted for bids;
 - (e) the projected in-service date of

new facilities; and (f) on an ongoing basis, how much of the reserved capacity has been sold on a limited-term basis that would otherwise be eligible for a right of first refusal. Transporter will make reasonable efforts to update the reservation posting up to the in-service date of the project to reflect any material changes in the scope of the project.

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Any capacity sold or reserved under this Section 37 will be made available for transportation service pursuant to Transporter's FERC Gas Tariff on a limited-term basis up to the in-service date of the pre-arranged transaction or the expansion/extension project. Transporter reserves the right to limit any extension rights provided in such Service Agreement(s), pursuant to Section 23 of the GT&C commensurate with the proposed in-service date of any such transaction or facilities. Any capacity reserved for a project that does not go forward for any reason shall be reposted as generally available within thirty (30) days of the date the capacity becomes available. The previously reserved capacity will become available when the Transporter posts the capacity on its Informational Posting Web Site.