



Oil Pipeline Filing  
Cypress Interstate Pipeline LLC  
July 1, 2021

Ms. Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street NE  
Washington DC 20426

Dear Secretary Bose:

In accordance with the requirements of the Interstate Commerce Act and the Rules and Regulations of the Federal Energy Regulatory Commission (“FERC”), in particular Sections 341.3 (Form of Tariff) and 342.3 (Indexing), 18 C.F.R. §§ 341.3, 342.3 (2021), Cypress Interstate Pipeline LLC (“Cypress”) submits for filing the following tariffs, effective August 1, 2021:

- FERC No. 7.4.0., rules and regulations tariff applying on purity ethane and commercial ethane transportation (cancels FERC No. 7.3.0); and
- FERC No. 9.13.0., volume incentive tariff applying on purity ethane and commercial ethane transportation (cancels FERC No. 9.12.0).

### **Explanation of Tariff Filing**

#### ***Tariff No. 7.4.0 – Rules and Regulations Update***

Cypress is filing F.E.R.C. Tariff No. 7.4.0. to update its Rules and Regulations, which was last revised in 2016. The updates set forth in Tariff No. 7.4.0. are described further below.

- Compiler and issuer contact information has been updated.

#### **ITEM 1 – DEFINITIONS**

- The “Consignee” definition has been deleted in Section 1.3. This change is intended to simplify the tariff as no shippers on Cypress utilize consignees.
- The “Injection Point” definition has been deleted in Section 1.7. This change is intended to simplify the tariff as an “Injection Point” is no different than a “Receipt Point”, as that term is defined in the tariff. Deleting “Injection Point” in Section 1.7 and throughout the tariff will therefore eliminate unneeded duplication in the tariff.
- The term “New Shipper” has been defined and added as what is now Section 1.7. This term was previously defined in Section 80.2. Adding the term to the Definitions section of the tariff will avoid confusion. Cypress has not changed the definition of the term and has instead just changed the section where the term is defined.
- In what is now Section 1.8, Cypress has changed the term “Petroleum Product” to “Product.” This is a clean-up change as the term “Petroleum Product” is not defined in the tariff.
- The term “Regular Shipper” has been defined and added to Section 1.12. This term was previously defined in Section 80.2. Adding the term to the definitions section of the tariff will avoid



confusion. Cypress has not changed the definition of the term and has instead just changed the section where the term is defined.

#### ITEM 3 – COMMODITY

- In Section 3.1, Cypress has changed the term “pipe line” to “pipeline.” This is a clean-up change as the term “pipeline” is used throughout the tariff.

#### ITEM 5 – ACCEPTANCE, DELIVERY AND LIABILITY OF SHIPPER

- In Section 5.2, Cypress reserves the right to batch deliveries of Commercial Ethane. Batching deliveries of Commercial Ethane will allow Cypress to better preserve the purity of products tendered by its shippers. Section 5.2 provides that if multiple products are nominated in a given month, Cypress will ship batches on a pro-rata basis.

#### ITEM 7 – PURITY ETHANE AND COMMERCIAL ETHANE (E/P) SPECIFICATIONS

- In Section 7.2, Cypress has capitalized the term “product” to conform with the defined term that is used throughout the tariff.
- In Section 7.4, Cypress has changed the specifications for commercial ethane to (i) increase the maximum ethane percentage from 82.0% to 94.9% and (ii) decrease the minimum propane percentage from 11.5% to 5.1%. These changes will better align Cypress’ product specifications with the product that its customers desire to ship.

#### ITEM 10 – TENDERS AND QUANTITIES

- In Section 10.1, Cypress has added the requirement that shippers identify the type of product that they wish to transport when submitting a Notice of Shipment. This information is necessary for Cypress to effectively schedule transportation services on its system. Cypress has also specified that to the extent it feasible, it will attempt to allow shippers to revise their tenders after the Notice of Shipment date. This change will allow shippers more flexibility in their utilization of the Cypress system when operational conditions allow and there is available capacity.
- In Section 10.4, Cypress has decreased the minimum shipment volume from 25,000 barrels per day to 5,000 barrels per day. This change will make it easier for smaller shippers to utilize the Cypress system.

#### ITEM 50 – SEGREGATION AND CHANGES IN QUALITY

- In Section 50.2, Cypress has added language to indicate that its shippers “acknowledge and agree” that “Carrier shall be under no obligation to make delivery of the identical Products received.” This additional language is intended to eliminate ambiguity.

#### ITEM 51 – APPLICATION OF RATES

- In Section 51.1, Cypress clarifies that shippers will be assessed the rates in effect at the time Cypress receives product from a customer, rather than the time product is delivered to shippers.



This change will provide shippers with greater predictability as to the rates that they will be assessed for particular movements that may be subject to future rate adjustments.

- In Sections 51.1, 51.2, and 52.3, Cypress has made a number of clean-up changes to conform with defined terms that are used in the tariff.

#### ITEM 52 – INVOICING AND PAYMENTS

- In Item 52, Cypress has added provisions to specify the manner in which invoicing and payments will be handled. Cypress' tariff previously included no provisions addressing invoicing and payment. Adding these provisions to the tariff will enhance transparency and bring greater clarity regarding how any billing disputes will be managed.

#### ITEM 65 – PAYMENT OF TARIFF CHARGES AND LIEN FOR UNPAID CHARGES

- In Section 65.2, Cypress has made changes to conform with changes made in Section 51.1 and to also specify that shippers are obligated to pay their invoices within ten days of being invoiced, rather than twenty days. This modification is intended to better align the tariff with industry standards<sup>1</sup> and reduce the time period during which Cypress is at risk for a shipper's non-payment.

#### ITEM 80 – PRORATION OF PIPELINE CAPACITY

- In Section 80.2, Cypress has made a number of clean-up changes, including moving certain defined terms to Item 1 – Definitions as discussed above. The changes in Section 80.2 do not change the manner in which Cypress will allocate capacity when it is required to prorate capacity.
- In Section 80.3, Cypress has added a provision to specify that it will strive to notify shippers by the 25<sup>th</sup> of every month of the amount of capacity they will be allocated when the pipeline is forced to prorate.

#### ITEM 85 – LIABILITY OF CARRIER

- In Section 85.1, Cypress has updated the list of events that are not within the reasonable control of the pipeline and that excuse its obligations under the tariff. The updated list of events is intended to reflect recent experience and developments, including the occurrence of the COVID-19 virus and Winter Storm Uri.
- In Section 85.6, Cypress has clarified the list of damages for which it will be liable in the event that it is negligent. The clarifications added by Cypress eliminate ambiguity and align the tariff provision with industry standards.<sup>2</sup>

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<sup>1</sup> See, e.g., *Dixie Pipeline Company LLC*, F.E.R.C. No. 2.13.0 at Item 80 (effective June 1, 2021); *Mid-America Pipeline Company, LLC*, F.E.R.C. No. 74.10.0 at Item 60 (effective January 10, 2021); *Seminole Pipeline Company LLC*, F.E.R.C. No. 2.20.0 at Item 60 (effective August 1, 2021).

<sup>2</sup> See, e.g., *Magellan Pipeline Company, L.P.*, F.E.R.C. No. 157.25.0 at Item No. 185 (effective January 1, 2021).



#### ITEM 90 – CLAIMS, SUITS AND TIME FOR FILING

- In Section 90.1, Cypress has corrected a typographical error by changing “destination point” to “Delivery Point.”

#### ITEM 93 – PIPEAGE CONTRACTS

- In Section 92.1, Cypress has changed references to “pipeage contracts” to “transportation service agreements.” This change will better align the tariff’s terminology with industry standards.

#### ITEM 100 – PIPELINE ADDITIVES

- In Section 100.2, Cypress has committed to provide shippers with 45 days’ notice of any changes in additive injected by the Carrier. This change benefits shippers by providing them with an additional 15 days of notice.

#### ***Tariff No. 9.13.0 – New Volume Incentive Rate Program***

Cypress is filing F.E.R.C. Tariff No. 9.13.0 to replace an expiring volume incentive program with a new purity ethane and commercial ethane Volume Incentive Rate Program Effective August 1. The new Volume Incentive Rate Program is available to all shippers who sign a transportation services agreement with Cypress during an open season that commenced on June 25, 2021 and will conclude on July 28, 2021. As described in F.E.R.C. Tariff No. 9.13.0, transportation services agreements will have a ten year term and will require shippers to nominate a quarterly minimum volume commitment or pay a deficiency charge. No particular rights in the event of prorationing attach to shippers who elect to sign a transportation services agreement for the new Volume Incentive Rate Program, and such shippers’ volumes will be subject to the proration policy like any other shipper.

Finally, the volume incentive rates to be established in FERC No. 9.13.0 are proposed in accordance with Section 342.3(a) of the Commission’s regulations, which permits a carrier to change a rate to a level which does not exceed the then-applicable ceiling level.<sup>3</sup>

#### **Waiver**

Pursuant to 18 C.F.R. § 341.2(c)(1), Cypress has not identified any waivers of the Commission’s regulations needed to permit its filing to become effective as proposed. However, Cypress 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 records may be made effective as proposed

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<sup>3</sup> 18 C.F.R. § 342.3(a) (“A rate charged by a carrier may be changed, at any time, to a level which does not exceed the ceiling level established by paragraph (d) of this section, upon compliance with the applicable filing and notice requirements and with paragraph (b) of this section.”).



**Certification**

I hereby certify that copies of this filing have been sent, on or before this date, by means of transmission agreed upon, to all subscribers on the Cypress subscriber list.

In accordance with 18 C.F.R. § 343.3(a), Cypress hereby requests that any protest of this filing be emailed to the undersigned at [Tariff\\_Group@kindermorgan.com](mailto:Tariff_Group@kindermorgan.com).

If you have any questions regarding this filing, please contact me at (713) 420-3214.

Sincerely,

/s/ Laura Lofton

Laura Lofton

Manager, Regulatory