

Clear Creek Storage Company, L.L.C.
Standards of Conduct Written Procedures
Revised September 30, 2011

The Commission stated in Order No. 717, Final Rule on Standards of Conduct (SOC), that it will continue the exemptions and partial waivers for entities that have previously received exemptions and partial waivers under Order No. 497, Order No. 2004 and Order No. 690. On November 23, 1999, Clear Creek Storage Company, L.L.C. (“Clear Creek”), filed SOC and Request for Waiver under Order Nos. 497 et seq., Order Nos. 566 et seq. and Order No. 599. On February 11, 2000, the Commission issued its Order on SOC and Request for Waiver in Docket No. MG00-1-000 in response to Clear Creek’s November 23 filing. The Commission’s findings, ¹waivers and partial waivers in the February 11 Order hold and Clear Creek currently complies with all 18 C.F.R. § 358 requirements not waived or granted partial waiver. Clear Creek explains below its implementation of and compliance with the standards of conduct as required by 18 C.F.R. § 358.

Description of Operations

Clear Creek Storage Company, L.L.C. (“Clear Creek”) is fully owned by QEP Marketing Company. QEP Marketing is a wholly owned subsidiary of QEP Resources, Inc. (QEP)QEP Marketing engages in marketing of natural gas and crude oil, including natural gas that it purchases from unaffiliated companies and also from affiliated production companies.

Clear Creek’s firm storage capacity is fully subscribed to QEP Marketing. QEP Marketing receives no storage rate discount or preference of any kind and is responsible for bearing 100% of Clear Creek’s operating expenses under the Construction, Operating and Maintenance Agreement attached as Exhibit “M” to Clear Creek’s certificate application filed March 2, 1998, in Docket No. CP98-256-000. ²

Because of its small size, Clear Creek has no employees of its own. Instead, Clear Creek shares the few employees it needs for its storage operations with QEP Marketing. Although QEP Marketing is Clear Creek’s customer, the substantial majority of QEP Marketing’s existing business is conducted on facilities that are not connected with the Clear Creek storage project in any way.

QEP Marketing is a small company. Excluding general accounting and other administrative workers, QEP Marketing has less than 10 employees involved in natural gas trading activities. Except for the operating employees assigned to Clear Creek, other QEP Marketing employees are marketing representatives, gas control and scheduling representatives, contract administration personnel and other employees who will not be involved in Clear Creek’s operations.

Office space and equipment, such as telephones and computers, are necessarily used by these shared operating employees. Various other employees provide routine accounting, secretarial, and administrative services to Clear Creek and QEP Marketing, but are not operating employees.

Due to the small scope of Clear Creek’s storage operations, with only one (1) customer holding 100% of the firm capacity for at least the next 20 years, business needs do not require retention of full-time operational employees devoted exclusively to Clear Creek. Any effort to hire full-time staff devoted exclusively to Clear Creek’s operations, and to physically separate them from the marketing function, would cripple Clear Creek economically.

1/ Clear Creek Storage Company, L.L.C., Order on Standards of Conduct and Request for Waiver, 90 FERC ¶ 61,143 (2000).

2/ See Commission order issued September 1, 1998, Docket No. CP98-256-000 (84 FERC ¶ 62,210).

Clear Creek shares Charles B. Stanley, President, CEO of QEP Resources, Inc. Company. Jay Neese, Executive Vice President, manages the Clear Creek storage project. Clear Creek also shares one operating (transmission function) employee, Jeff Miller, Gas Control. Mr. Stanley does not have day-to-day responsibility for storage-related activities. Mr. Neese spends no more than 10% of his time on Clear Creek matters and Mr. Miller spends no more than 50% of his time on Clear Creek matters. Three field operating personnel have also been assigned to Clear Creek. These field personnel dedicate 100% of their time to Clear Creek. These field personnel are supervised by an employee who works for QEP Field Services. As discussed below, the nature of Clear Creek's storage operation limits the possibilities for abuse from the sharing of these employees with its marketing affiliate.

Compliance with 18 C.F.R. § 358.4, Non-discrimination requirements, by means of Waiver.

Clear Creek fully complies with § 358.4 due to the Commission's February 11 approval of waiver of 18 C.F.R. §§ 161.3 (e) and (f). These standards of conduct are consistent with those set out in Order No. 2004 regarding information access and prohibited disclosure of information to Marketing Function Employees (MFEs). The Commission's February 11 Order stated:

Because Clear Creek shares operating personnel with its marketing affiliate, Clear Creek employees will necessarily disclose all information they receive from non-affiliated shippers. Based on Clear Creek's small size, we grant Clear Creek's request for waiver of Standard E.

The February 11 Order stated further:

As Clear Creek notes, because its shared employees will necessarily disclose all storage information they obtain, it needs a partial waiver of Standard F. Clear Creek must contemporaneously disclose all information covered by Standard F that it provides to its marketing affiliate, except for information it received from non-affiliated shippers."

Clear Creek's March 7, 2000, compliance filing in Docket No. MG00-1-000, stated that Clear Creek will contemporaneously disclose to all potential shippers, storage-related information provided its marketing (energy) affiliate, except for information that is received from non-affiliated customers or potential customers, by posting such information on its Internet web site.

Implementing tariff - Clear Creek (1) strictly enforces all tariff provisions relating to the sale and purchase of storage service, (2) applies all tariff provisions related to the purchase of open-access storage service in a fair and impartial non-discriminatory manner, (3) processes all similar requests for storage service in the same manner and within the same period of time and (4) maintains a written log detailing the circumstances and manner in which it exercised its discretion under any terms of the tariff. Any information contained in this log will be posted on Clear Creek's web site within 24 hours of when discretion of a tariff provision is exercised. Clear Creek will not, through its tariff or otherwise, give preference to its marketing or energy affiliate over any other wholesale customer in matters relating to the sale or purchase of transmission service (including, but not limited to issues of price, curtailments, scheduling, priority, ancillary services or balancing).

Discounts - Clear Creek's firm storage capacity is fully subscribed to QEP Marketing. QEP Marketing receives no storage rate discount or preference of any kind and is responsible for bearing 100% of Clear Creek's operating expenses under the Construction, Operating and Maintenance Agreement attached as Exhibit "M" to Clear Creek's certificate application filed March 2, 1998, in Docket No. CP98-256-000. However, should Clear Creek offer storage service at a discounted rate it will post such offer on its web site contemporaneously with the time that the offer is contractually binding. The posting will include the name of the customer involved in the discount and whether it is an affiliate or whether an affiliate is involved in the transaction, the rate offered, the maximum rate, the time period for which the discount will apply, the quantity of gas scheduled to be stored, the delivery points under the transaction and any conditions or requirements applicable to the discount. This posting will remain on the web site for 60 days from date of posting.

Compliance with 18 C.F.R. § 358.5(b), Separation of Functions.

Clear Creek's Transmission Function Employees (TFEs) function independently of those of its MFEs to the maximum extent practicable, as required by § 358.5 of the Commission's regulations. In the February 11 Order, the Commission stated:

"...certain pipelines, due to their small size, that share employees with their marketing affiliate may be operating independently of their marketing affiliates to the maximum extent practicable."

The Commission found that based on Clear Creek's description of its small size, Clear Creek has separated its operating personnel and the operating personnel of its marketing affiliate so as to function independently to the maximum extent practicable. Clear Creek's operations have not changed and continue to comply with SOC rule as applicable with granted SOC waivers and partial waivers.

4/ Clear Creek Storage Company, L.L.C., 91 FERC ¶ 61,240 (2000).

Compliance with 18 C.F.R. § 358.7, Transparency.

As required by § 358.7, the following items are posted on Clear Creek's website: names and addresses of affiliates employing MFEs; a complete list of facilities shared with its MFEs and job titles and job descriptions of its TFEs. Clear Creek's web site will be updated within seven business days of any change or merger announcement.

Transfers - Notices of any employee transfers between Clear Creek TFEs and its MFEs will be posted on Clear Creek's web site and will include the name of the transferring employee, the respective titles held while performing each function and the effective date of the transfer. This information will remain on Clear Creek's web site for 90 days.

Books and records - Clear Creek is in compliance with § 358.4(d). Clear Creek's books of account and records (as prescribed under 18 C.F.R. Parts 101, 125, 201 and 225) are maintained separately from those of its marketing/energy affiliates and are available for Commission inspection.

Training and Written procedures - Clear Creek's written procedures have been posted and distributed to its employees. Clear Creek's TFEs and MFEs are annually trained on standards of conduct rules and requirements. Employees certify electronically that they will comply with SOC rules.

Compliance Officer - Steve Stanton is responsible for Clear Creek's compliance with the SOC.