FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

November 30, 2005

In Reply Refer To:
Wyoming Interstate Company Ltd.
Docket No. RP06-77-000

Wyoming Interstate Company Ltd.
Post Office Box 1087
Colorado Springs, CO 80944

Attention: Rex D. Adams
Director

Reference: Fifteenth Revised Sheet No. 4B to FERC Gas Tariff,
Second Revised Volume No. 2

Dear Mr. Adams:

1. On October 31, 2005, Wyoming Interstate Company, Ltd. (WIC) filed the referenced tariff sheet pursuant to Article 30.2 of WIC's General Terms and Conditions (GT&C), to be effective December 1, 2005. Article 30.2 requires WIC to file at least annually a re-computation of its Fuel, Loss and Unaccounted-for Gas (FL&U) percentage factors, to become effective on December 1 of that year. WIC's filing proposes increases in the FL&U percentages of each of its four systems. The filing was protested. The referenced tariff sheet is accepted and suspended, to be effective December 1, 2005, subject to refund and conditions, as discussed below.

2. WIC states that its system has consumed more fuel since the last annual fuel filing, which has caused a system average usage increase from 0.20 percent to 0.52 percent. Specifically, WIC's current filing provides the following adjustment to its FL&U percentages: (1) an increase from 0.17 percent to 0.85 percent in its Mainline System FL&U; (2) an increase from 0.04 percent to 0.57 percent in its Powder River Incremental FL&U; (3) an increase from 0.23 percent to 0.25 percent in its Medicine Bow Incremental FL&U; and (4) an increase from 0.24 percent to 0.53 percent in its Echo Springs Incremental FL&U.

3. WIC states that its total system FL&U reflects a three-year amortization of a prior over-recovery (2003-2004 gain), but it does not include any portion of the current 2004-2005 gain reported in the current filing. WIC also states that the data for the current accounting period continues to show gained gas over the relevant 2004-2005 period, after

accounting for receipts, deliveries and for changes in the line pack. WIC contends that a gas gain within a pipeline system is a physical impossibility because pipeline systems cannot manufacture or create natural gas. WIC asserts that a gain indicates an accounting or metering issue. WIC states that it will continue to investigate the source(s) for both the 2003-2004 gain and the current 2004-2005 gain.

4. WIC proposes to exclude the entire 2004-2005 gain from its current FL&U calculation. WIC contends that it would not be prudent to flow through the 2004-2005 gain because the gain may be subject to an accounting reversal in the near term. WIC requests the right, if it finds accounting or measuring adjustments related to the 2003-2004 gain, to adjust the remaining one-third of the 2003-2004 gain in a subsequent filing. WIC requests that the Commission approve its proposed rates and defer the appropriateness of the flow-through of any of the 2004-2005 gain for future FL&U filings.

5. Public notice of the filing was issued on November 4, 2005, with interventions and protests due on or before November 14, 2005. Pursuant to Rule 214, 18 C.F.R. § 385.214 (2005), all timely motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late interventions at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. On November 9, 2005, Indicated Shippers[1] protested the filing and on November 16, 2005, WIC moved for leave to file an answer to the protest.[2]

6. Indicated Shippers protest WIC's exclusion of the 2004-2005 gain from its current FL&U calculations. Indicated shippers contend that WIC should not be able to retain the gas gains on an interim basis because WIC alone is responsible for the operation of its system. Thus, the gas gains should be reflected in the fuel charge unless and until WIC can satisfy its legal and factual burden to demonstrate that there should be a retroactive fuel charge to nullify these gas gains. Indicated Shippers ask that the Commission reject WIC's request to exclude these gas gains from the current FL&U calculation.

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[1] The Indicated Shippers are Marathon Oil Company and Chevron Natural Gas, a division of Chevron U.S.A. Inc.

[2] In its answer, WIC argued that the exclusion of the anomalous gas gains is reasonable, and that WIC is not seeking a preauthorization for a retroactive adjustment, only reserving its right to make any proposals WIC deems appropriate in its next FL&U filing. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure prohibits an answer to a protest, unless otherwise ordered by the decisional authority. We have not ordered an answer here, and find no good cause to accept WIC's answer, and will therefore deny the motion.

7. Indicated Shippers also protest WIC's request to "reserve the right to adjust in a subsequent filing, the unamortized one-third portion of 2003-2004 gain" pending the completion of WIC's investigation of the causes for the gas gains on its system. Indicated Shippers contend that pre-authorization of the retroactive adjustment is inappropriate because it would relieve WIC of its burden to provide a full legal and factual justification for the retroactive adjustment. Indicated Shippers request that the Commission reject WIC's request for pre-authorization.

8. The Commission finds that WIC is responsible for its system, its meters, and accounting practices. WIC's data show a system gain of 805,183 Dth for the current accounting period.[3] As a general rule, it is reasonable to expect WIC to include system gains and system losses in its FL&U calculation. Shippers, who have no control of natural gas on the system, argue that excluding such volumes is contrary to WIC's own data and inflates the fuel charge at a time of high gas prices. However, the Commission also finds that the anomalous gas volumes could not have been created on the system, and are most likely the result of accounting or meter error.

9. The Commission finds that the best approach is to reasonably minimize the ultimate rate impact on shippers while WIC searches for the cause of the anomaly. WIC's previous FL&U filing, in Docket No. RP05-44-000 also had an anomalous system gain. In that docket, the Commission allowed the 2003-2004 gain to be amortized over a three-year period.[4] The 2003-2004 gain was amortized over three years because the inclusion of the entire 2003-2004 gain would have resulted in an FL&U percentage below zero on some of WIC's pipeline segments.

10. The current FL&U filing again reports a gas gain in WIC's system that WIC cannot explain. The Commission again finds an amortization approach appropriate, given the similarity of circumstances in this filing to WIC's previous FL&U filing. WIC is directed to file recalculated FL&U percentages that include one-third of the 2004-2005 gain, within 20 days of the date of this order. The remaining two thirds of the 2004-2005 gain should be amortized in WIC's two subsequent FL&U filings. Further, the Commission is not granting any pre-authorization for future adjustments. WIC, in future filings concerning any portion of the 2003-2004 gain or the current 2004-2005 gain in its FL&U calculations, must satisfy all legal and factual burdens to support such filings at the time they are made.

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[3] Attachment A, Page 3 of 3, Column j, Line 13 of WIC's filing.

[4] *Wyoming Interstate Co., Ltd.,* Docket No. RP05-44-000 (November 23, 2004) (unpublished letter order).

11. It is the Commission's policy generally to suspend rate filings for the maximum period permitted by statute if preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or that it may be inconsistent with other statutory standards.[5] It is also recognized however, that shorter suspensions may be warranted under circumstances in which suspension for the maximum period may lead to harsh and inequitable results.[6] Such circumstances exist here where the pipeline is filing pursuant to an approved tracking mechanism. Therefore, the Commission will accept and suspend the proposed tariff sheet, to be effective on December 1, 2005, subject to refund and conditions as set forth in the body of this order.

By direction of the Commission.

Magalie R. Salas,
Secretary.

[5] *See Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month-suspension).

[6] *See Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (one-day suspension).