FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 31, 2006

In Reply Refer To:
Viking Gas Transmission
Company
Docket No. RP06-253-000

Viking Gas Transmission Company
P.O. Box 542500
Omaha, NE 68154-8500

Attention: Raymond D. Neppl, Vice President
Regulatory Affairs & Market Services

Reference: Annual Load Management Cost Reconciliation Adjustment

Ladies and Gentlemen:

1. On February 27, 2006, Viking Gas Transmission Company (Viking) filed tariff sheets[1] and supporting work papers to comply with section 154.403[2] of the Commission's Rules and Regulations and Section 27 of the General Terms and Conditions (GT&C) of Viking's tariff to implement its Annual Load Management Reconciliation Adjustment (LMCRA). Viking requests a waiver of subsection 27.4 of its GT&C to allow the use of thirteen calendar months of costs ending January 31, 2006, to calculate the LMCRA to become effective April 1, 2006. Subsection 27.4 specifically requires Viking to calculate any surcharge or refund amounts based upon costs over a twelve-month period ending each December 31. Viking filed Eleventh Revised Sheet No. 5C with a proposed Load Management Service (LMS) surcharge of $.0452 per Dth, based upon the thirteen month period ending January 31, 2006. As an alternative, in the event the Commission denies the waiver request, Viking also tenders Substitute Eleventh Revised Sheet No. 5C with a proposed credit of $ 0.3082 per Dth based upon costs for the twelve month period ending

[1] Eleventh Revised Sheet No. 5C and Substitute Eleventh Revised Sheet No. 5C to Viking's FERC Gas Tariff, First Revised Volume No. 1.

[2] 18 C.F.R. § 154.403 (2005).

December 31, 2005. For the reasons discussed below, the Commission grants Viking's waiver request and accepts Eleventh Revised Sheet No. 5C, effective April 1, 2006, as proposed. Substitute Eleventh Revised Sheet No. 5C submitted as an alternative and attached at Appendix B to the filing, is rejected as moot.

2. Viking designed its LMCRA to reconcile differences between the costs of purchasing gas and the revenue received from the sale of any excess gas necessary to maintain an appropriate level of line pack to manage and safely operate its pipeline system, through either shipper surcharges or credits. Viking, as may be necessary, must sell or buy line pack gas to resolve shipper imbalances accrued under Rate Schedule LMS or cure point operator imbalances pursuant to operational balancing agreements.

3. Viking states its reason for the waiver request is the fluctuation in line pack volumes in recent months, due mainly to high gas prices,[3] which caused a significant price distortion in the calculation of the LMCRA when compared to historical LMCRA amounts for the past three years. Viking states that the $0.3082 per Dth 2006 LMCRA credit calculated using the twelve months ending December 31, 2005, is exponentially greater than any credit adjustment in effect in previous years. For example the credit in 2005 was only $0.0381. More importantly, Viking asserts that such a high credit would remove any incentive for balancing parties to manage their imbalances during 2006. Viking adds that if the Commission grants the waiver, it will exclude January 2006 costs from next year's LMCRA calculation that would become effective April 1, 2007.

4. Notice of Viking's filing issued March 8, 2006, with interventions and protest due on March 13, 2006, as provided in section 154.210 of the Commission's regulations (18 C.F.R. §154.210 (2005)). Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2005), all timely filed motions to intervene and any motions 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 adverse comments were filed.

5. The Commission finds that the request for waiver of subsection 27.4 of the GT&C is reasonable in light of the price distortions that would be reflected in the LMCRA calculation if the waiver is not granted. If the waiver is denied Viking's shippers will not have an incentive to manage their imbalances in 2006. The LMCRA calculated based on the twelve months ending December 31, 2005 is equivalent to a credit of $0.3082 per Dth in the Rate Schedule LMS rate. However, the LMS Daily Overrun Rate to be charged shippers in 2006 is significantly lower, $0.1737. Therefore, Viking's shippers would

[3] In December of 2005 imbalances were valued at a price of $11.30 per Dth. compared to an average imbalance value of $7.5395 in the prior eleven months of 2005.

have an economic incentive to incur overruns. Increased overruns could cause Viking difficulty in maintaining an appropriate level of line pack to manage and safely operate its system. In contrast, allowing Viking to calculate the LMCRA based on the thirteen months ending January 31, 2006 will not result in Viking's shippers having an economic incentive to incur overruns. The calculation of the LMCRA based on thirteen months results in a surcharge to the Rate Schedule LMS rate of $0.0452. This is more consistent with the effective LMCRA for the last three years. Viking states that if the waiver is granted it will not include January 2006 in the calculation of the LMCRA for 2007. There being no objection, and for good cause shown, the waiver is hereby approved. This waiver is a one time waiver based on the specific circumstances in this case.

By direction of the Commission.

Magalie R. Salas,
Secretary.

cc: All Parties