

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

August 4, 2006

In Reply Refer To:
Northern Natural Gas Company
Docket No. RP06-332-001

Northern Natural Gas Company
1111 South 103rd Street
Omaha, NE 68124-1000

Attention: Mary Kay Miller
Vice President, Regulatory and Government Affairs

Reference: Order Accepting Filing Subject to Outcome of the
Docket No. RP06-332-000 Proceeding

Dear Ms. Miller:

1. On July 7, 2006, Northern Natural Gas Company (Northern) filed in Docket No. RP06-332-001 a supplement to its April 28, 2006, filing in Docket No. RP06-332-000 to identify two delivery points that will be allowed to remain in Northern's Operational Zone EF when Northern moves its current boundary between Operational Zones ABC and EF. As discussed below, we accept Northern's supplemental filing, subject to the outcome of the ongoing proceedings in Docket No. RP06-332-000.

2. In the April 28 filing, Northern proposed to revise First Revised Sheet No. 26 of its FERC Gas Tariff, Fifth Revised Volume No. 1, to move the current boundary between Northern's Operational Zones ABC and EF to the border between Iowa and Minnesota. As a result, certain delivery points in northern Iowa would be moved from Operational Zone EF to Operational Zone ABC, and certain delivery points in southwestern Minnesota would be moved from Operational Zone ABC to Operational Zone EF. The Commission accepted and suspended the April 28 filing, subject to the outcome of a technical conference to discuss the issues raised by the parties. *See Northern Natural Gas Co.*, 115 FERC ¶ 61,254 (2006) (the May 26 Order). Northern subsequently filed a motion requesting postponement of the technical conference, stating that the parties involved had agreed to work on revised tariff language which would resolve the issues to

be discussed at the technical conference. On July 17, 2006, a notice was issued postponing the conference and directing Northern to file a report on its negotiations with the parties no later than July 31, 2006.

3. The instant filing supplements Northern's April 28 tariff filing to identify two delivery points located in northern Iowa that would be grandfathered in Operational Zone EF, despite the proposal to include all of Iowa in Operational Zone ABC. Northern states that the subject delivery points located in the current Operational Zone EF should have remained in Operational Zone EF rather than be moved as a consequence of the boundary change. Northern indicated that, while the Northern town border stations (TBS) for these delivery points are both located on the Iowa side of the border, the markets served by the local distribution companies (LDCs) at those TBSs are primarily in Minnesota. The first TBS is the Staceyville TBS, POI 57395, located in Mitchell County, Iowa. Interstate Power and Light Company is the LDC which serves Alliant customers primarily in Minnesota. The second TBS is the Emmons MN #1, POI 12940, located in Worth County, Iowa. Minnesota Energy Resources Company is the LDC which serves its customers in Minnesota.

4. Even though the physical locations of Northern's TBSs are in Iowa, Northern requests that the delivery points be considered in Operational Zone EF because the markets served by the LDCs (the downstream operators of these delivery points) are in Minnesota. Northern states that the inclusion of these small loads in Operational Zone EF will not affect any other customer and will not have a negative impact on Northern's operations. Northern states that its proposal to grandfather these two delivery points does not require any change in the tariff sheet included in its April 28 filing, and accordingly it has not included any tariff sheet in its supplemental filing.

5. Notice of this filing was published in the *Federal Register*, 71 Fed. Reg. 41,792 (2006), with interventions, comments and protests due on or before July 19, 2006. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2006), notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. On July 19, 2006, Northern States Power Company-Minnesota (NSP-M) and Northern States Power Company-Wisconsin (NSP-W), (collectively, NSP) filed a conditional protest.

6. NSP claims that Northern's instant filing contains the same flaws as did its April 28 Filing. NSP states that Northern improperly denied a similar request for boundary change made by NSP-M. Further, Northern's instant request highlights the lack of standards constraining Northern's decisions with respect to operational zone boundary changes, adding yet another "rationale" for shifting delivery points between operational zones. NSP concludes that zone boundary changes are practices that affect Northern's jurisdictional services and as such, its tariff should contain clearly articulated, rational standards for addressing boundary change requests.

7. NSP states that its protest is conditioned on the outcome of the negotiations taking place in Docket No. RP06-332-000 regarding Northern's efforts to revise its tariff language concerning operational zone boundary changes in a manner that satisfies all involved parties. NSP requests that its protest be considered automatically withdrawn in the event Northern files revised tariff language that NSP supports as a result of the ongoing negotiations, an event NSP believes to be imminent. Should Northern not file such revised tariff language as of the date of Commission action herein, NSP requests that such action be made subject to the outcome of the ongoing technical conference process in Docket No. RP06-332-000.

8. The Commission accepts Northern's July 7, 2006 supplemental filing, subject to the outcome of the proceedings in Docket No. RP06-332-000.

By direction of the Commission.

Magalie R. Salas,
Secretary.

cc: All Parties

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