

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

August 24, 2006

In Reply Refer To:
Enogex Inc.
Docket No. PR06-17-000

Jones Day
51 Louisiana Avenue, NW
Washington, D.C. 20001-2113

Attention: Carolyn Y. Thompson, Attorney

Reference: Order Accepting Out-of-Period Adjustment to Fuel Percentages

Dear Ms. Thompson:

1. On June 30, 2006, Enogex Inc. (Enogex) submitted a filing seeking Commission approval of its proposed out-of-period adjustment to its annual fuel percentages for the East and West Zones on the Enogex System for the period August 1, 2006 to December 31, 2006. Specifically, Enogex seeks to lower the fuel percentage for the East Zone from 0.96% to 0.43% and to increase the fuel percentage for the West Zone from 0.11% to 0.26%, effective August 1, 2006. As discussed below, the Commission accepts Enogex's revised fuel percentages, effective August 1, 2006, as requested.
2. As part of the Settlement approved in Docket Nos. PR02-10-000, PR04-15-000, PR04-16-000 and PR05-3-000¹ (Settlement), Enogex agreed to establish separate zonal IT rates for its historic East and West Zones in lieu of the single system-wide IT rate previously in effect. Enogex also agreed that as part of the Settlement it would establish separate zonal fuel percentages in lieu of the single system-wide annual fuel percentage previously in effect.² In addition, Exhibit A

¹*Enogex Inc.*, 112 FERC ¶ 61,312 (2005).

² Pursuant to the Settlement on November 15, 2005 in Docket No. PR05-3-000, Enogex filed a proposed fuel percentage of 0.96% for the East Zone of the Enogex System and a fuel percentage of 0.11% for the West Zone of the Enogex System, each to be effective for Fuel Year 2006 (*i.e.*, for the period January 1, 2006 through December 31, 2006). The Commission accepted the proposed fuel percentages by order of April 13, 2006. 115 FERC ¶ 61,045 (2006).

of Enogex's Statement of Operating Conditions allows Enogex to update its fuel percentages on an annual basis. Enogex's fuel year coincides with a calendar year.

3. Enogex states that after four months of collection using the current Fuel Year 2006 zonal fuel percentages, Enogex has experienced a significant overrecovery of fuel in its East Zone and a significant underrecovery of fuel in its West Zone. According to Enogex, unless there are revisions to the zonal fuel percentages there will be a substantial overrecovery in the East Zone and a substantial underrecovery in the West Zone for Fuel Year 2006 as a whole.

4. Enogex states that it used a method for estimating the fuel usage for the East and West Zones without historical experience as to the zones' fuel usage in its November 2005 fuel filing. Enogex states that the method used did not predict the percentages experienced to date in Fuel Year 2006. Enogex also states that the revised fuel percentages will bring the zonal fuel percentages more closely in line with fuel usage for the rest of Fuel Year 2006.

5. Enogex states that it is not submitting revised Exhibits A-1 for this filing, but proposes putting the actual average fuel percentages for January through April 2006 into effect for the period August 1, 2006 through December 31, 2006.

6. Enogex states that it will file new zonal fuel factors on or before November 15, 2006 for Fuel Year 2007 (January 1, 2007 to December 31, 2007) using the Exhibit A-1 format. According to Enogex, that filing will reflect the most current information then available and, as contemplated by the fuel tracker, will true up any remaining overrecovery or underrecovery of fuel for the preceding twelve months.

7. Notice of the filing was published on July 7, 2006 in the *Federal Register*, 71 Fed. Reg. 40086 (2006), with comments, protests and interventions due on or before July 21, 2006. No protests were filed. Timely motions to intervene were filed by multiple parties.³ Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2006), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. We will grant the motions to intervene filed in this matter.

³ Interventions were filed by Chevron Natural Gas, Marathon Oil Company, BP American Production Company and BP Energy Company, Apache Corporation, Unimark LLC.

8. The Commission's review of the filing indicates that the proposed revised fuel percentages are based upon Enogex's actual experience of its zonal fuel consumption from January 1, 2006 through April 30, 2006, and therefore, are more accurate than the existing rates which were based on estimated fuel usage. Further, as a result of applying the proposed revised fuel percentages, it appears that the proposal will reduce overrecoveries in the East Zone and underrecoveries in the West Zone for Fuel Year 2006 as a whole and will minimize fluctuations in the year to year zonal fuel percentages. Accordingly, the Commission finds the proposed rates are fair and reasonable and accepts Enogex's revised zonal fuel percentages, effective August 1, 2006.

By direction of the Commission.

Magalie R. Salas,
Secretary.