

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

May 1, 2007

In Reply Refer To:  
Northern Natural Gas Company  
Docket No. RP07-356-000

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

Attention: Dari R. Dornan, Senior Counsel

Reference: Limited Waiver Request

Ladies and Gentlemen:

1. On March 16, 2007, Northern Natural Gas Company (Northern) filed a petition for a limited waiver of section 32 of the General Terms And Conditions (GT&C) of its FERC Gas Tariff to resolve two separate items related to imbalance resolution. Item No. 1 concerns prior period imbalances with El Paso Marketing LP (El Paso), and Adams Resources Marketing (Adams) and Item No. 2 concerns an imbalance with Archer Daniels Midland Company (ADM). Northern requests waiver to allow it to resolve both imbalances without tiering the applicable Monthly Index Price (MIP) as required by section 32. The Commission grants Northern's request for limited waiver of section 32 of its GT&C to resolve these imbalances without applying the tiering penalties, as further discussed below.

2. Northern states that during January 2007, extreme weather conditions in the Gulf of Mexico damaged the main satellite dish at Northern's Platform 703 on the Matagorda Offshore Pipeline System affecting electronic measurement equipment. The inability to communicate prevented El Paso and Adams from receiving actual flow volume information. Consequently, the gas volumes supplied to the customer by Northern were overstated and caused over-nominations leading to increased imbalance levels beyond a Tier 1 level. Northern states that because circumstances beyond each customer's control caused the imbalance, it requests a waiver to cash out El Paso's and Adams' entire imbalance of 22,305 Dth and 3,810 Dth, respectively, at the Tier 1 level rather than the Tier 2 through Tier 6 levels that were incurred. Northern states that this billing adjustment would save El Paso \$44,619.99 and Adams \$579.51 in imbalance fees.

3. Similarly, Northern states that under the in-kind payback resolution option provided in section 32 (F) of its GT&C, "Northern will attempt to schedule the imbalance payback volumes as requested [and] any residual volume remaining at the end of the payback month will be cashed out at the high/low weekly price of the payback month." For November 2006, ADM activity created a monthly imbalance of 12,679 Dth and ADM elected to resolve 10,984 Dth of the imbalance via Northern's in-kind payback option in the January production month. However during January 2007, Northern inadvertently assigned an incorrect lower unit rate to the ADM in-kind nomination, resulting in quantity cuts and in a higher cash-out billing. Northern seeks to reimburse ADM \$1,109.39 -- the difference between the January average MIP (\$6.7941), which is the MIP that is used to resolve prior period adjustments, and the January low MIP (\$5.6836), multiplied by 999 Dth, the amount by which Northern erroneously cut ADM's payback schedule.

4. The Commission noticed Northern's filing on March 21, 2007, allowing for protests as provided by section 154.210 of the Commission's regulations. Pursuant to Rule 214, 18 C.F.R. § 385.214 (2007), 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 this proceeding or place additional burdens on existing parties. No party filed a protest or adverse comments.

5. For good cause shown, we grant Northern's waiver request. Granting this waiver will allow Northern to resolve prior-period imbalances with El Paso, Adams, and ADM, which is reasonable given the circumstances.

By direction of the Commission.

Philis J. Posey,  
Deputy Secretary.

cc: All Parties

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