

120 FERC ¶ 61,286
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

September 27, 2007

In Reply Refer To:
Colorado Interstate Gas Company
Docket No. RP07-668-000

Colorado Interstate Gas Company
P.O. Box 1087
Colorado Springs, CO 80944

Attention: Rex Adams
Director, Rates

Reference: Revised Fuel Gas Reimbursement Percentages

Dear Mr. Adams:

1. On August 31, 2007, Colorado Interstate Gas (CIG) filed revised tariff sheets¹ to reflect the annual adjustments for transportation fuel gas, storage fuel gas, and Rate Schedule CS-1 firm compression fuel gas and CS-1 lost and unaccounted-for (L&U) gas reimbursement percentages, as well as the quarterly adjustment to its lost and unaccounted-for and other fuel gas (LUF) reimbursement percentage. As discussed below, the Commission accepts and suspends the revised tariff sheets, and allows them to become effective October 1, 2007, subject to refund and to the outcome of the proceeding in Docket No. RP07-320-000.

2. CIG states that the LUF reimbursement percentage is being decreased from .08 percent to 0 percent and that the combination of the quarterly calculation of the LUF reimbursement percentage and the annual true-up percentage has resulted in an indicated negative percentage.

3. In addition, CIG states that the indicted negative reimbursement percentage is a result of the following: a slight increase in LUF quantities; a degradation in liquids

¹ Forty-Seventh Revised Sheet No. 11A and Second Revised Sheet No. 380H.01 to its FERC Gas Tariff, First Revised Volume No.1.

processing economies; a decrease in adjustments to reflect the most recently available accounting data for quantities previously reported in the last three quarterly filings; less processing revenue reported due to adjustments to correct revenues associated with a new Williams Field Services Company processing agreement at the Rawlins plant; and payment of deferred quantities that had been excluded from the LUF calculation in prior filings. In addition, CIG states that a comparison of the LUF quantities retained during the twelve months ending June 30, 2007, to the actual experienced LUF gas quantities revealed an over-collection of 85,512 Dth.

4. Additionally, CIG states that on October 22, 2006, it discovered a down-hole failure of casing equipment on the Fort Morgan storage injection/withdrawal well number 26 and that this failure resulted in gas lost to the atmosphere. CIG states that the currently estimated quantity of 451,010 Dth associated with this incident was included in CIG's quarterly LUF filing in Docket No. RP07-320-000. In that proceeding, the Commission accepted and suspended the tariff sheet effective April 1, 2007, subject to the outcome of a technical conference which was held on May 8, 2007.² CIG states that the outcome of the technical conference is still pending and that, in this filing, it continues to include twelve months of data from the Fort Morgan gas loss reported in Docket No. RP07-320-000.

5. CIG states that pursuant to section 42.7 of its tariff, the LUF reimbursement percentage may not be less than zero, and that if any excess LUF quantities remain outstanding at the time of the annual true-up calculation, the value of such quantities will be remitted to shippers by invoice credit. CIG states that it will remit to shippers the associated value of the excess LUF quantities by invoice credit in the month following the Commission's order accepting this filing.

6. In addition, CIG proposes to decrease the reimbursement percentage for transportation fuel gas from 1.72 percent to 1.34 percent as a result of a 0.17 percent decrease in compressor fuel used coincident with a greater proportionate increase in throughput over the relevant period versus the prior period and a 0.21 percent decrease due to over-collection of fuel gas over the relevant period. For storage gas, CIG proposes to reduce the reimbursement percentage from 0.93 percent to 0.66 percent due to a 0.07 percent decrease in compressor fuel use over the relevant period compared to the prior period and a 0.20 percent decrease due to over-collection of gas quantities during the relevant period.

7. CIG also proposes to lower the reimbursement percentage for CS-1 Cheyenne firm compression fuel gas from 0.26 percent to 0.23 percent, and decrease the reimbursement percentage for CS-1 L&U from 0.14 percent to 0.08 percent. CIG states that the reduction in the reimbursement percentage for the CS-1 Cheyenne firm compression fuel

² See *Colorado Interstate Gas Co.*, 118 FERC ¶ 61,265 (2007).

gas is due to a true-up adjustment for the over-collection of fuel gas quantities retained compared to fuel gas used for the period of July 1, 2006 through June 30, 2007. The CS-1 L&U percentage decrease is the result of the indicated percentage using the last twelve months of data plus the true-up percentage.

8. Notice of CIG's filing was issued on September 5, 2007. Interventions and protests were due as provided in section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210. 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 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. On September 12, 2007, Williams Power Company Inc. (Williams) timely filed a motion to intervene and protest. On September 20, 2007, CIG filed an answer to Williams' protest. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 213(a)(2)(2007), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept CIG's answer because it has provided information that assisted us in our decision-making process.

9. Williams states that simultaneously with this filing CIG made two related filings,³ one involving a change to CIG's fuel tracker mechanism, and one involving a change to CIG's cash-out price adjustment, and that Williams submitted protests in each of those dockets. Williams states that, to the extent that the changes CIG proposed in those two dockets are implemented in this filing, Williams protests such application as unjust and unreasonable for the reasons stated in its protests to the two other filings. Williams requests that the Commission consolidate the subject filing with the other two dockets and establish a technical conference.

10. In response to Williams' protest, CIG states that the changes requested in the other two dockets are not reflected in this proceeding and that Williams' request to consolidate should be rejected.

11. The Commission finds that consolidation of this filing in Docket No. RP07-668-000 with the other CIG filings to modify its existing tariff is unnecessary, because CIG has calculated the subject quarterly and annual adjustments pursuant to its current tariff. However, because CIG continues to include as a data input to its LUF adjustment 451,010 Dth of gas loss attributable to the Fort Morgan casing equipment failure, and because the issue of whether or not CIG may reflect that loss in its LUF reimbursement percentage is still pending in Docket No. RP07-320-000, we will conditionally accept the

³ Williams refers to filings CIG made on August 31, 2007 in Docket No. RP07-666-000 and Docket No. RP07-667-000. The decision whether to convene a technical conference in Docket Nos. RP07-666-000 and RP07-667-000 will be made in those dockets.

revised LUF tariff sheet and suspend its effectiveness for a minimal period to be effective October 1, 2007, subject to refund and to the outcome of the proceedings in Docket No. RP07-320-000.

12. The Commission's policy regarding tariff filing suspensions is that such filings generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or that it may be inconsistent with other statutory standards. *See Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month suspension). It is recognized, however, that shorter suspensions may be warranted in circumstances where suspensions for the maximum period may lead to harsh and inequitable results. *See Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (one-day suspension). The Commission finds that such circumstances exist here where CIG is filing a quarterly update pursuant to an approved gas tracker mechanism. Therefore, the Commission will exercise its discretion to suspend the rates to take effect on October 1, 2007, subject to refund and to the outcome of the proceedings in Docket No. RP07-320-000.

By direction of the Commission.

Kimberly D. Bose,
Secretary.