

136 FERC ¶ 61,103  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

August 15, 2011

In Reply Refer To:  
Colorado Interstate Gas Company  
Docket Nos. RP11-2107-000  
RP06-397-000

Colorado Interstate Gas Company  
PO Box 1087  
Colorado Springs, CO 80944

Attention: Mr. Richard Derryberry, Director, Rates

Reference: Petition and Stipulation and Agreement filed May 12, 2011

Dear Mr. Derryberry:

1. On May 12, 2011, pursuant to Rule 207(a)(5) of the Commission's Rules of Practice and Procedure,<sup>1</sup> Colorado Interstate Gas Company (CIG) filed in Docket No. RP11-2107-000 a petition for approval of an uncontested Stipulation and Agreement (Settlement) that, among other things, would resolve all issues related to CIG's transportation and storage rates during the term of the Settlement.<sup>2</sup> The Settlement is uncontested and allows the parties to resolve the issues in a mutually agreeable manner and avoid the uncertainty and expense of a formal proceeding before the Commission. The Commission grants the petition and approves the Settlement as it appears fair and reasonable and in the public interest.

---

<sup>1</sup> 18 C.F.R. 385.207(a)(5) (2011).

<sup>2</sup> CIG also requested that the former settlement in RP06-397-000 be modified to change the date by which CIG was obligated to make effective new system-wide base rates. On July 7, 2011, the Commission granted CIG's request. *Colorado Interstate Gas Co.*, 136 FERC ¶ 61,017.

2. The Commission issued a public notice of the Settlement with interventions and protests due as provided by section 154.210 of the Commission's regulations. Pursuant to 18 C.F.R. § 385.214 (2011) 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. All of the parties filing comments either support or do not oppose the Settlement.<sup>3</sup>

3. The major features of the Settlement are as follows: Article I provides a brief background to the Settlement. Article II provides that CIG's obligations to file a general Natural Gas Act (NGA) section 4 rate case under the former settlement previously approved in Docket No. RP06-397-000 are extinguished except that CIG will reclassify any amounts greater than \$10 million in the negative salvage FERC Account No. 108 sub-account to the general transmission depreciation accumulated subaccount in Account No. 108. Any other rights or obligations under the previously approved settlement are amended to the extent necessary to implement the terms of the subject Settlement. The Settlement resolves all issues relating to whether the rates for CIG's transportation and storage services are lawful under the NGA for the consenting parties.

4. During its term, the Settlement establishes under Article III CIG's maximum and minimum base rates for transportation and storage services. The Settlement also provides that Rate Schedule TI-1 (interruptible) rates are structured to accommodate peak and off-peak months, which shall be determined by CIG once per year. The Settlement also sets forth the depreciation rates to be used by CIG, including a negative salvage rate for transmission plant of 0.10 percent. Article III provides for certain revenue crediting and surcharge mechanisms, and also addresses CIG's post-retirement benefits other than pension expenses, pension service costs and contributions to the third-party pension trust fund, accumulated deferred income taxes, the accounting treatment related to Docket No. CP09-54-000 (Natural Buttes), and Account No. 813 expenses.

5. Article IV requires CIG to file and implement certain changes to its tariff to be effective prospectively from the date of Commission approval of the Settlement, and certain tariff updates to reflect expiration of the settlement in Docket No. RP06-397-000.

6. Article V sets forth procedures for the extension and amendment of Transportation Service Agreements.

---

<sup>3</sup> Appendix A of the Settlement lists the parties who support or do not oppose the Settlement.

7. Article VI provides that the term of the Settlement extends from October 1, 2011, through the earlier of the date that rates become effective as a result of a general system-wide change applicable to all of CIG's shippers or Commission action taken pursuant to NGA section 5, or October 1, 2016. CIG may file a new system-wide rate case applicable to all of CIG's shippers on or after October 1, 2014, but must file a rate case with rates to be effective no later than October 1, 2016. Article VI provides that in the next rate case, CIG must comport with certain parameters in allocating costs to No-Notice Transportation Services. The consenting parties agree in Article VI to waive NGA section 5 rights they otherwise would have to contest the Settlement rates prior to September 30, 2014. The standard of review for any other changes (other than those permitted or limited above) during the term of the Settlement shall be reviewed by the Commission in accordance with the appropriate standards established by sections 4 and 5 of the NGA.

8. Article VII governs the effectiveness of the Settlement and defines consenting and contesting parties to the Settlement. Article VIII sets forth reservations and limitations and provides that the Settlement represents a negotiated settlement and relates only to the specific matters referred to therein.

9. The Commission finds that the proposed Settlement appears to be fair and reasonable and in the public interest, and it is hereby approved, effective October 1, 2011, pursuant to its terms. The Settlement, which was filed in lieu of a rate case, resolves system-wide rate issues without a hearing and lengthy litigation, consistent with the Commission's guidance for settlements outside the context of an existing proceeding.<sup>4</sup> The Commission's approval of this Settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

10. Consistent with the Settlement, the Commission directs CIG to file, in eTariff format, actual tariff records identical to the Settlement's *pro forma* tariff records within 10 days of this order. The Commission will treat such a filing as a filing to comply with this letter order approving the Settlement, and the Commission will place the actual tariff records properly implementing the Settlement, as approved, into effect on the Settlement effective date, October 1, 2011.

---

<sup>4</sup> See, e.g., *Dominion Transmission, Inc.*, 111 FERC ¶ 61,285 (2005).

11. This letter order terminates Docket No. RP11-2107-000 and Docket No. RP06-397-000.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.