

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Nora Mead Brownell, and Suedeen G. Kelly.

Colorado Interstate Gas Company

Docket No. RP06-35-000

ORDER ACCEPTING TARIFF SHEETS, SUBJECT TO CONDITIONS

(Issued November 30, 2005)

1. On October 14, 2005, Colorado Interstate Gas Company (CIG) filed revised tariff sheets identifying fuel paths where no fuel charge will be assessed, in response to the Commission's August 18, 2005 Order.<sup>1</sup> As discussed below, the Commission accepts CIG's proposed revisions to the tariff sheets, subject to conditions, to be effective December 1, 2005.

**Background**

2. In the August 18 Order, the Commission found that CIG's existing practice of exempting various transactions from fuel charges through notices on its online system, without having first filed with the Commission to demonstrate that the exempt system segments did not require fuel was contrary to Commission policy. Therefore, the Commission directed CIG to submit a tariff filing within 60 days identifying the paths that CIG is exempting from fuel charges because the displacement or other transactions on those paths do not use fuel.

**Description of Filing**

3. In the instant filing, CIG submitted revised tariff sheets identifying the segment paths that support transportation transactions on the CIG system that do not consume fuel. CIG proposes to exempt such transactions from fuel charges. CIG states that it assesses an in-kind fuel charge to shippers to replace the gas consumed by compression to support the transportation of gas through the pipeline. A fuel assessment is applied to all shipper

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<sup>1</sup> *Colorado Interstate Gas Co.*, 112 FERC ¶ 61,199 (2005) (August 18 Order).

transactions that move in the same direction as the physical flow of gas along the shipper's nominated route that benefits from the pressure increases or maintenance provided by CIG's compression (forward haul). Conversely, CIG states that where a shipper receives transportation service that does not consume fuel, it does not assess a fuel charge. Such services include displacement service transactions where transportation is provided in the opposite direction of the forward haul service and deliveries are made by using gas received upstream of the delivery point while supplies to replace those deliveries are received farther downstream.

4. CIG proposes to exempt the majority of transactions on its system that historically have not carried fuel charges because such transactions do not use fuel. CIG has listed the main long-term displacement path segments on its revised tariff sheets.<sup>2</sup> CIG distinguishes between longer-term and shorter-term seasonal displacement transactions. CIG states that all transportation paths, identified by pipeline segments, that are eligible for the fuel charge exemption will be listed on CIG's electronic bulletin board (EBB). CIG states that shorter-term paths<sup>3</sup> will be identified only on the EBB because such paths change seasonally, and that listing such points in CIG's tariff would be impractical.

5. CIG also identifies transactions beginning and ending within the Northeast Colorado Storage System (NCSS) as exempt from fuel charges. CIG states that NCSS involves interconnection with two storage fields<sup>4</sup> and contains several other non-storage receipt and delivery points. CIG maintains that NCSS is subject to frequent flow reversals due to storage operation shifting from injections to withdrawals to meet daily and intra-day market requirements. Consequently, CIG states that service to the other receipt and delivery points on the NCSS may occur by forward haul or displacement service depending on the use of the storage field. Moreover, CIG states that NCSS is

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<sup>2</sup> CIG identifies the following points as longer-term displacement paths:

Watkins to Cheyenne Hub (low pressure deliveries) (south to north)  
Cheyenne Hub to Rawlins Station (east to west)  
Rawlins to Wamsutter Station (east to west)  
Wind River/Big Horn Lateral north to Grizzly (south to north)  
Powder River Lateral (south to north)  
Weld County Lateral (east to west)  
Mocane to Campo (east to west)

<sup>3</sup> CIG states that currently, some of its shorter-term paths receiving displacement service from time-to-time are: Nichols to Campo (south to north), Lakin to Kit Carson (east to west), and Camp to Kit Carson (south to north).

<sup>4</sup> Fort Morgan Storage lateral and the Watkins to Kit Carson line that provides access to the Latigo Storage lateral.

kept at high pressure and no additional compression is required to serve the non-storage receipts and deliveries in the area. Therefore, to prevent the storage fields' operations from affecting service to these other transactions, CIG proposes that a fuel charge will not be assessed on transactions within NCSS area.

6. CIG, however, has not listed as exempt from fuel charges all transactions on the Western Segment of the Wyoming mainline because such transactions have occasionally not been accomplished by backhaul, but have required CIG to reverse flow on the segment and consume fuel. Specifically, CIG explains that the Wyoming mainline, extending from King compressor stations (King) to the Cheyenne Hub, has historically moved gas west to east, and service on the mainline in the opposite direction, east to west, was therefore treated as displacement services for fuel purposes. However, CIG maintains that, on occasion, a segment of the Wyoming mainline has been reversed to flow east to west from the Wamsutter compressor station (Wamsutter) to King on the Wyoming mainline (the Western Segment) due to changes in facility configuration and a shift in market demand. With such changes in operations, CIG states that fuel is consumed by compression when the line is flowing east to west from Wamsutter (east-to-west service). Therefore, CIG states that it could not represent that such future transactions would never use fuel, and proposes to begin assessing the fuel charge on all east-to-west services on the Western Segment. CIG, however, proposes to defer collection of fuel charges on these transactions until April 1, 2006 to minimize the impact on shippers affected by the revised fuel policies during the current heating season.

7. CIG also proposes to begin assessing fuel charges for transactions delivering into the high pressure delivery points at Ponderosa and Tomahawk within the Cheyenne Hub because the operation system has changed at these points. CIG states that historically, it has exempted fuel for such deliveries because the system operations did not require fuel consumption, but to meet the increasing market requirements for Cheyenne Hub deliveries, CIG has now installed compression that supports deliveries at these points. Therefore, CIG states that it is no longer appropriate to exempt fuel for service to these locations.

### **Notice, Interventions and Protests**

8. Notice of CIG's filing was issued on October 20, 2005, with interventions and protests due on or before October 31, 2005. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.<sup>5</sup> Pursuant to Rule 214 all timely filed motions to intervene and motions to intervene out-of-time filed before the issuance date of this order are granted.<sup>6</sup> Granting late intervention at this stage of the

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<sup>5</sup> 18 C.F.R. § 154.210 (2005).

<sup>6</sup> 18 C.F.R. § 385.214 (2005).

proceeding will not disrupt this proceeding or place additional burdens on existing parties. On October 31, 2005, the Indicated Shippers<sup>7</sup> and Williams Power Company, Inc. (Williams) filed comments, and on November 9, 2005, CIG filed an answer. Although our rules prohibit answers to protests, we may for good cause, waive this provision. We find good cause to do so in this instance as the answer has assisted in our decision-making.<sup>8</sup>

9. In their comments, the Indicated Shippers support CIG's general approach in identifying the flowpaths that are not supported by fuel and granting a fuel exemption for these transactions. They state that CIG has justified relying on EBB postings to establish a fuel exemption for short-term displacement transactions. They agree that it would be impractical to require CIG to include in its tariff a reference to the short-term displacement flowpaths since they only require fuel during certain periods of the year. Moreover, the Indicated Shippers assert that posting fuel exemptions for short-term displacement transactions would ensure that the exemption is granted on a non-discriminatory basis since the shippers or the Commission could challenge any exemption that they believe is unjustified.

10. The Indicated Shippers also support CIG's requested waiver of the new fuel charge requirements until April 1, 2006 for east-to-west services on the Western Segment. They agree that a sudden elimination of the fuel exemption would have an unfair disruptive impact on shippers and gas sales transactions.

11. In its comments, Williams protests that CIG's filing has not provided a sufficient justification for establishing a new bi-directional service, east to west and west to east, on the Western Segment, and there is no basis for subjecting all transportation customers that ship along that path to a compression fuel charge where none previously existed for displacement shippers such as Williams.

12. Therefore, Williams requests that the Commission reject that portion of CIG's filing relating to CIG's plans to no longer exempt from fuel charges the east-to-west services on the Western Segment. Williams requests that, if the Commission does not reject CIG's filing as to the east-to-west service, the Commission convene a technical conference and defer ruling on the proposed fuel treatment of east-to-west service until after that conference.

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<sup>7</sup> The Indicated Shippers are BP Energy Company, BP America Production Company, Chevron U.S.A., and Marathon Oil Company.

<sup>8</sup> 18 C.F.R. § 213(a)(2) (2005).

13. In its answer, CIG offers an alternative for consideration by the Commission which it believes addresses the concerns raised by Williams, in lieu of a technical conference.

### **Discussion**

14. As discussed below, the Commission accepts CIG's proposed revisions to the tariff sheets, subject to conditions, to be effective December 1, 2005. Among the conditions are CIG's accommodation of Williams' concerns, and waiving the new fuel charge requirements until April 1, 2006 for transactions that would otherwise be assessed a fuel charge for the first time under the new provisions.

15. Williams asserts that CIG has provided insufficient evidence to justify CIG's proposal for such transactions at the Western Segment and the imposition of fuel charges to all customers that ship from east to west. It states that the most recent example of an east to west gas flow on the Western Segment occurred on June 8, 2004. Williams asserts that such an infrequent reversal of gas flow on that segment is not sufficient to justify the imposition of fuel charges on transactions which previously did not incur such charges.

16. Although CIG agrees with Williams' statement that the last east to west gas flow on the Western Segment occurred in June 2004, CIG explains that it may be necessary any time that CIG has insufficient supplies coming into the western portion of the Western Segment to meet delivery requirements on that portion.

17. It appears that CIG sometimes may use the Wamsutter compressors to move gas west along the path used for service to Williams (i.e. from Wamsutter to Muddy Creek). In such circumstances, however infrequent, it does consume fuel in providing service for Williams and other shippers whose gas moves from east to west on the segment. CIG acknowledges that may be even less likely because of increased drilling along the western portion of the Western Segment and the imminent completion of the new CIG interconnections with other systems at Wamsutter. CIG states that the increased production from the increased drilling in southwest Wyoming should help maintain CIG's current ability to meet west end delivery requirements with gas from that area.

18. In light of the above, the Commission finds reasonable CIG's proposal, in its answer, to continue the fuel exemption for east-to-west service transactions by posting this path on the EBB along with CIG's short-term displacement paths. Should operations change to require fuel on east-to-west service transactions, CIG would notify affected shippers and remove the path from the list of those posted on the EBB as exempt. The Commission adopts this solution as a reasonable alternative, which would allow CIG to continue to provide fuel exemptions for east-to-west displacement transactions on the Western Segment, as has been its historical practice.

19. Finally, Williams argues that CIG has not proposed to revise its fuel retention percentages to reflect the imposition of fuel charges on east-to-west service transactions. Because CIG's alternative proposal will preserve the historical practice on the Western Segment insofar as possible, such fuel charges should be infrequent. In any event, CIG's tariff requires that it make annual filings to revise its transportation fuel gas retention percentages, and CIG has committed to file a true-up mechanism in Docket No. RP05-618-000 by November 23, 2005, to recover any over or under collections of fuel costs.

20. The Commission finds that a technical conference is not necessary because CIG has provided an alternative solution in its answer to address Williams' concerns. The Commission's acceptance of the filing is therefore subject to CIG's posting the Western Segment path as exempt from fuel charges on its EBB, and notifying the shippers if there should be any status change such that fuel will be consumed for east-to-west service on the Western Segment. Moreover, the Commission grants CIG's request for waiver to delay the imposition of new fuel charges until April 1, 2006.

The Commission orders:

(A) CIG's revised tariff sheets are accepted to be effective December 1, 2005, subject to CIG's posting the Western Segment paths as exempt from fuel charges, as discussed in the body of this order.

(B) Waiver of CIG's new fuel charge requirement is granted, until April 1, 2006, for transactions that would otherwise be assessed a fuel charge for the first time under the new tariff provisions.

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.