

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

December 1, 2005

In Reply Refer To:
MIGC, Inc.
Docket No. RP06-73-000

MIGC, Inc.
1099 18th Street, Suite 1200
Denver, CO 80202

Attention: Christine M. Odell
Director of Pipeline Affairs

Reference: One-Time Waiver of Fuel Retention Percentage Tracking Provisions

Ladies and Gentlemen:

1. On November 1, 2005, MIGC, Inc. (MIGC) filed Tenth Revised Sheet No. 6 and, alternatively, Substitute Tenth Revised Sheet No. 6, to its FERC Gas Tariff, First Revised Volume No. 1. MIGC requests a waiver of section 25 of its General Terms and Conditions (GT&C) to adjust its fuel retention and loss percentage factors (FL&U factors), including the annual surcharge for amounts recovered from or paid back to shippers. MIGC requests its proposed interim fuel retention adjustment become effective December 1, 2005. The filing was noticed November 4, 2005, with interventions and protests as provided in section 154.210 of the Commission's regulations.¹ Pursuant to Rule 214,² all timely motions to intervene and any motion to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this state of the proceeding will not disrupt the proceeding or place additional burdens on existing parties.

¹ 18 C.F.R. §154.201 (2005).

² 18 C.F.R. §154.214 (2005).

2. MIGC states that, in the recent months since the Commission accepted its FL&U factors in its annual filing,³ it has experienced a decrease in its actual volumes received, as well as an increase in its lost and unaccounted for volumes. MIGC further states that this situation has caused an under-collection of the amount of fuel retained-in-kind from shippers necessary to cover its actual fuel and lost and unaccounted for costs. Therefore, MIGC proposes an interim update to increase its FL&U factors in each of the two categories of gas entering its system. MIGC increases the FL&U for gas entering system at a pressure higher than or equal to 350 psig by 0.85 percent from 2.30 percent to 3.15 percent. For gas entering MIGC at a pressure less than 350 psig there would be an increase of 1.28 percent from 10.57 percent to 13.72 percent. These increases include a 0.02 percent increase in the surcharge percentage for mainline compression from 0.18 percent to .20 percent, and a 0.32 percent increase for receipt point compression (less than 350 psig) from 0.52 percent to 0.84 percent.

3. MIGC contends that because it is a small system, with no storage or other facilities to help alleviate the shortfall in fuel collections, it cannot balance its system effectively. MIGC explains that the declining volumes entering its system result from declining coal bed methane production in the Powder River Basin area in Wyoming. Further, MIGC does not anticipate a significant deviation from this current pattern, nor expect a material change to the lost and unaccounted for volumes experienced over the last several months.

4. MIGC bases its request for the one-time waiver of section 25 of its GT&C upon a combination of historical and projected volumes. MIGC contends that the volume adjustment to incorporate actual throughput for June 1, 2005, through September 30, 2005, and projected throughput for October 1, 2005, through May 31, 2006, will achieve more accurate FL&U factors and it used this methodology to calculate the revised FL&U factors, including the surcharge calculation.⁴ Moreover, MIGC derive the projected average volume using actual volumes for June 1, 2005, through September 30, 2005, adjusted for known system changes. MIGC explains that the new projections represent a 4 percent decline from the actual volumes underlying the currently effective FL&U factors.

5. MIGC also filed a Substitute Tenth Revised Sheet No. 6 that bases the calculation of the adjusted FL&U factors on the immediately prior actual 12-month period from October 1, 2004, to September 30, 2005. MIGC states this methodology uses the latest available information to provide the most accurate collection of FL&U. MIGC contends that postponing this interim adjustment will inevitably result in a larger surcharge collection in the following year.

³ See July 28, 2005, unpublished letter order in Docket No. RP05-490-000.

⁴ MIGC adjusts its surcharge for under-collections by revising the throughput over which it recovers the under-collected volumes.

6. MIGC has shown good cause for its waiver request. It has shown that the impact of declining gas production reduces its throughput volumes, which exacerbates the shortfall in fuel collections experienced in recent months. Therefore, the Commission will grant MIGC's waiver request of section 25 of its GT&C to implement interim adjustments to the fuel retention percentage tracker in its revised tariff sheets. However, the Commission notes that this is a one-time waiver. If MIGC wishes to further adjust its fuel retention percentage tracker due to these similar circumstances, MIGC should consider filing revised tariff language to increase the frequency of its tracking adjustments because a more sensitive tracker may better suit the operating conditions of its system.

7. The Commission accepts Tenth Revised Sheet No. 6 to MIGC's FERC Gas Tariff, First Revised Volume No. 1, effective December 1, 2005, and rejects Substitute Tenth Revised Sheet No. 6 as moot.

By direction of the Commission.

Magalie R. Salas,
Secretary.