

125 FERC ¶ 61,136
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Colorado Interstate Gas Company

Docket No. CP08-30-002

ORDER VACATING CERTIFICATE AUTHORITY IN PART

(Issued October 31, 2008)

1. On September 18, 2008, Colorado Interstate Gas Company (CIG) filed a petition to amend the certificate authorizing its Totem Gas Storage Field Project (Totem Project). Specifically, CIG requests that the Commission vacate authority for the drilling and completion of one observation well and for the installation of temporary storage compression. We will grant CIG's petition and vacate CIG's certificate authorization in part, as discussed below.

Background

2. On April 30, 2008, the Commission issued an order authorizing CIG to construct and operate its Totem Project,¹ a new natural gas storage field having a total gas inventory of 10.7 Bcf of gas, with a working gas capacity of 7.0 Bcf and injection and withdrawal capacities of 100 MMcf per day and 200 MMcf per day, respectively. Facilities comprising the Totem Project include injection and withdrawal wells, a water disposal well, storage gathering pipelines, observation wells, a dehydration and dew point control plant, and a 9,400 horsepower compressor station. In addition to the permanent facilities, CIG was authorized to install temporary compression to facilitate the injection of base gas during the development phase of the Totem Project, originally scheduled for December 2008 through March 2009.

3. In order to reduce gas costs associated with the Totem Project, CIG has decided to defer the bulk of base gas injections to the April and May 2009 timeframe. This deferral will allow CIG to utilize the proposed permanent compression instead of temporary

¹ *Colorado Interstate Gas Co.*, 123 FERC ¶ 61,099 (2008).

compression to inject the base gas. CIG estimates that the elimination of the temporary compression will reduce project costs by \$1,629,120.² CIG states also that the environmental effects of air emissions attributable to the temporary compression will be eliminated. Further, CIG has decided not to construct proposed observation Well No. 25, as CIG has determined that the well is not needed for the safe and efficient operation of the Totem Project.³ In view of these changed circumstances, CIG asks that the Commission vacate the portion of its certificate authority authorizing the temporary compression and observation Well No. 25.

Notice

4. Notice of CIG's motion to vacate was published in the *Federal Register* on October 1, 2008,⁴ with a comment period ending October 15, 2008. No comments in opposition to CIG's petition were filed. Public Service Company of Colorado (Public Service), a party in this proceeding, filed comments in support of CIG's petition.

5. Public Service has entered into a precedent agreement with CIG for all of the Totem Project's firm storage capacity under CIG's new rate schedules for services using the new storage facility. Public Service notes that by eliminating the no-longer-necessary temporary compression, CIG will save \$1.63 million, as reflected in CIG's September 8, 2009 filing approved by the October 7 letter order.⁵ Public Service states further that CIG's filing indicated no expectation that the deferral of base gas injections would delay commencement of service and Public Service concludes that Public Service's own

² On September 8, 2008, in Docket No. CP08-30-001, CIG filed a separate petition to revise the total project costs and revise the initial recourse rates for the Totem Project to reflect increased costs. The elimination of the costs associated with the temporary compression is reflected in that filing. By order issued October 7, 2008, under delegated authority, the Director, Division of Tariffs and Market Development – West, approved CIG's petition.

³ CIG states that it did not include the costs of observation Well No. 25 in its initial application as it was unsure whether the well would be needed.

⁴ 73 Fed. Reg. 57088 (2008).

⁵ Public Service notes that CIG did not include the costs of Well No. 25 in any of the cost estimates used by CIG to develop rates. Public Service states also that vacating the certificate as to Well No. 25 therefore will not affect CIG's proposed rates, but will provide Public Service with the assurance that it will not be faced with any future rate increases attributable to Well No. 25.

working gas injection plans should not be affected. Accordingly, Public Service supports the cost reduction provided by CIG's petition and the amendments requested by CIG.

Commission Discussion

6. CIG no longer needs the temporary compression originally proposed to effectuate base gas injections, nor does it need observation Well No. 25 for the safe and efficient operation of the Totem Project. CIG's petition to reflect revised initial storage rates has been approved by letter order. Consequently, the Commission will grant CIG's petition.⁶

The Commission orders:

The certificate authorization issued on April 30, 2008, in Docket No. CP08-30-000, is vacated in part, to eliminate the authorization to construct and operate the temporary compression and observation Well No. 25.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁶ See, e.g., *East Tennessee Natural Gas Co.*, 97 FERC ¶ 61,237 (2001); *Trunkline Gas Co.*, 115 FERC ¶ 61,130 (2006); *Florida Gas Transmission Co.*, 124 FERC ¶ 61,283 (2008); *North Baja Pipeline, LLC*, 124 FERC ¶ 61,284 (2008).