

143 FERC ¶ 61,173
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 28, 2013

In Reply Refer To:
Colorado Interstate Gas Company LLC
Docket No. RP12-1006-000

Colorado Interstate Gas Company LLC
Post Office Box 1087
Colorado Springs, CO 80944

Attention: M. Catherine Rezendes
Director, Rates

Reference: Annual Operational Purchases and Sales Report

Dear Ms. Rezendes:

1. On August 31, 2012, pursuant to section 28.3 of the General Terms and Conditions (GT&C) of its FERC Gas Tariff, Colorado Interstate Gas Company, L.L.C. (CIG) filed its annual operational purchases and sales report (Operational Report) for the 12-month period ending June 30, 2012. CIG reports that its operational sales were \$33,793,151 and that its operational purchases were \$29,130,319.

Public notice of the Operational Report was issued on March 1, 2013. Interventions and protests were due in the above docket as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2012)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2012)), all timely filed motions to intervene and any unopposed motion 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. On September 12, 2012, Indicated

Shippers¹ filed a protest. On September 26, 2012, CIG filed an answer to the protest and on October 4, 2012, Indicated Shippers filed an answer to CIG's answer.²

2. Indicated Shippers contend that CIG's Operational Report does not comply with section 28.3 of the GT&C which requires CIG to list each operational purchase and sale by date, price, and volume. Rather, Indicated Shippers state that CIG aggregated the volumes into one monthly figure and had a single monthly index price for all transactions. Indicated Shippers further state that CIG's filing is not consistent with Commission precedent, which requires CIG to identify all entities from which it purchases operational gas in order to ensure that CIG does not afford its affiliates preferential treatment.³ Indicated Shippers therefore request that the Commission reject the Operational Report and require CIG to submit a new report which complies with section 28.3 of the GT&C. Indicated Shippers also state that Section 28.2 of CIG's tariff states that CIG shall post its operational sales for bidding, but does not specify the "applicable bidding provisions" of its tariff that CIG must follow when making operational sales. Finally, Indicated Shippers request that the Commission require CIG to revise its GT&C to include the name of each buyer for its operational sales. Indicated Shippers argue that this revision is necessary to "reasonably provide an opportunity to review issues of affiliate concerns."⁴

3. In its answer, CIG states it did not sell any operational gas for the time the report covered. Also, CIG states that it has used the same format for purchases for many years. In addition, CIG provided additional detail on its operational purchases, including the day, the purchased quantity, and details for individual transactions if there are more than one transaction on a particular day. However, CIG states that since it only purchased gas from non-affiliates, it does not need to disclose their identities. CIG states that the identity of its affiliates is used to monitor the prudence of and the costs and revenues associated with a pipeline's operational gas purchases and sales as well as to provide a reasonable opportunity to review issues concerning affiliates. CIG argues this can be

¹ Indicated Shippers are BP Energy Company and BP America Production Company; ConocoPhillips Company; Marathon Oil Company; Noble Energy, Inc.; and Shell Energy North America (US), L.P.

² The Commission's Rules and Practice and Procedure do not permit answers to protests unless otherwise ordered by the decisional authority. 18 C.F.R. 385.213(a)(2) (2012). However, the Commission finds good cause exists to accept the answer here because it assisted the Commission in deciding the issues.

³ Indicated Shippers' Protest at 4 (citing *Colorado Interstate Gas Co.*, 111 FERC ¶ 61,216, at P 15 (*CIG*)).

⁴ Indicated Shippers' Protest at 5 (citing *CIG*, 111 FERC ¶ 61,216 at P 16).

accomplished by identifying only the affiliates and providing the transactional information for affiliates and non-affiliates. CIG states providing the identity of all non-affiliated entities is unnecessary and hinders CIG's ability to transact its operational gas purchases and sales.

4. In their answer, Indicated Shippers argue that, consistent with Commission policy, CIG should provide the identity of all counterparty entities.⁵ They further argue that it will be difficult to monitor the prudence of CIG's operational purchases and sales, and to determine if there has been undue discrimination among shippers (not just affiliated entities), if only affiliated counterparties are identified in the operational purchases and sales report.

5. The Commission finds that CIG's Operational Report does not comply with the requirements of section 28.3 of the GT&C of its FERC Gas Tariff. The section states:

[CIG] will file a report indicating the *source* of the operational gas purchased/sold, the date of such purchases/sales, volumes, the purchase/sale price, the costs and revenues from such purchases/sales and the disposition of the associated costs and revenues for all types of operational purchases and sales. Such report shall also include an explanation of the purpose of any operational purchases/sales as well as a reconciliation and accounting of operational purchases/sales that are associated with Section 1.30 (Fuel), Sections 10.5 (Cash Out) and 14.1 (Scheduled Imbalance Penalty), Section 15.4 (Revenue Sharing, and as applicable, system balancing and service flexibility. (emphasis added)

The source for operational sales or purchases of gas is CIG's counterparty to each transaction. Therefore, within 15 days of the date of this order, CIG is directed to file a revised Operational Report for the 12-month period ending June 30, 2012 which fully complies with its tariff, i.e., that includes the name of the source or counterparty for each operational purchase. Insofar as no operational sales occurred for this period, there are none to be reported. However the tariff requires identification of counterparties for sales as well as purchases. Accordingly, such operational sales as occur must be reported with the same level of detail as purchases.

⁵ Indicated Shippers' Answer at 2 (citing *Ruby Pipeline, L.L.C.*, 140 FERC ¶ 61,256 at P 13 (2012), (citing *Entrega Gas pipeline LLC*, 114 FERC ¶ 61,326, at P 41 (2006)); *CIG* 111 FERC ¶ 61,216 at P 16.

6. The Commission finds that it is not necessary for CIG to modify its tariff to identify affiliated entities or to include the name of each buyer for its operational sales. Providing the name of each source or counterparty to each of CIG's operational transactions is already required by the tariff, and this will identify both affiliates and non-affiliates.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.