

156 FERC ¶ 61,085
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

August 1, 2016

In Reply Refer To:
Colorado Interstate Gas Company, L.L.C.
Docket No. RP16-1022-000

Colorado Interstate Gas Company, L.L.C.
P.O. Box 1087
Colorado Springs, CO 80944

Attention: David R. Cain, Assistant General Counsel

Reference: Petition for Approval of Stipulation and Agreement

Dear Mr. Cain:

1. On June 8, 2016, pursuant to Rule 207(a)(5) of the Commission's Rules of Practice and Procedure,¹ Colorado Interstate Gas Company, L.L.C. (CIG) filed 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. 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. Accordingly, the Commission grants the petition and approves the Settlement as it appears fair and reasonable and in the public interest.

2. Article I provides a brief background to the Settlement. Article II provides that CIG's obligations under the settlement previously approved in Docket No. RP11-2107-000, are extinguished. The Settlement resolves all issues relating to whether the rates for CIG's transportation and storage services are lawful under the Natural Gas Act (NGA).

¹ 18 C.F.R. § 385.207(a)(5) (2015).

3. During its term, the Settlement establishes under Article III, CIG's maximum and minimum base settlement rates for transportation and storage services. The Settlement also sets forth the depreciation rates to be used by CIG. Article III continues in a modified form a revenue crediting mechanism applicable to certain services and terminates the North Raton Lateral crediting mechanism on October 1, 2016.

Additionally, Article III addresses CIG's post-retirement benefits other than pension expenses and contributions to the third-party pension trust fund. Finally, CIG stipulates that the Settlement does not constitute a recent review of its base rates for purposes of meeting that standard in the *Cost Recovery Mechanisms for Modernization of Natural Gas Facilities* Policy Statement.²

4. Article IV provides for CIG to file and implement certain changed tariff records to be effective January 1, 2017.

5. Under Article V, CIG will file to abandon its existing facilities commonly known as the Rawlins Processing Plant. CIG will establish a regulatory asset associated with the proposed abandonment and fully amortize that regulatory asset by the end of the term of the Settlement. Additionally, Article V specifies CIG will assume the risk for certain costs and may seek to recover certain costs associated with the Rawlins Processing Plant and any new capital investment for additional plant or facilities required to return the Rawlins Processing Plant to service. Finally, Article V discusses certain aspects of gas quality.

6. Article VI provides that the term of the Settlement extends from January 1, 2017 until the earlier of: (1) the date that rates become effective as a result of a general system-wide rate case applicable to all of CIG's shippers, or (2) the date that rates become effective pursuant to action taken by the Commission under section 5 of the NGA, or (3) April 1, 2022. The consenting parties agree in Article VI to waive NGA section 5 rights they otherwise would have to contest the Settlement rates prior to October 1, 2020. CIG may file a new system-wide rate case applicable to all of CIG's shippers on or after October 1, 2020, but must file a rate case to be effective no later than April 1, 2022. Article VI provides that in the next rate case, CIG must comport with certain parameters in allocating costs to No-Notice Transportation Services.

² 151 FERC ¶ 61,047 at P 2, *clarification denied*, 152 FERC ¶ 61,046 (2015).

7. Article VI also provides for the standard of review as follows:

During the term of this [Settlement] as defined by this Article VI, the Commission shall review any and all changes, amendments or alterations of any manner to this [Settlement] in accordance with the appropriate standards established by sections 4 and 5 of the NGA. [Footnote omitted].

8. Article VII governs the effectiveness of the Settlement. Article VIII sets forth reservations and limitations and provides, among other things that the Settlement represents a negotiated settlement and relates only to the specific matters referred to therein.

9. Public notice of the filing was issued on June 9, 2016. Interventions and protests were due on or before June 20, 2016, as provided by the notice. Pursuant to Rule 214, 18 C.F.R. § 385.214 (2015), all timely motions to intervene and any unopposed 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 this proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

10. The Commission finds that the proposed Settlement appears to be fair and reasonable and in the public interest with one clarification. Section 7.2 of the Settlement defines a “Consenting Party” as “[a]ny party that: 1) supports without any qualification, or 2) does not oppose this S&A as filed, or 3) that does not file any comments on this S&A.” Given that no opposition to the Settlement was filed, the Commission’s understanding is that “Consenting Parties” are limited to “Settling Parties” as that term is used in the Settlement plus any “party” as that term is defined in 18 C.F.R. § 385.102(c). With that understanding, the Settlement is hereby approved, effective January 1, 2017, 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.³ The Commission’s approval of this Settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

11. Consistent with the Settlement, the Commission directs CIG to file actual tariff records identical to the Settlement’s *pro forma* tariff provisions no more than 60 days and no less than 30 days prior to January 1, 2017. 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 tariff records properly implementing the Settlement, as approved, into effect on January 1, 2017.

³ See, e.g., *Dominion Transmission, Inc.*, 111 FERC ¶ 61,285 (2005).

12. This letter order terminates Docket No. RP16-1022-000 and Docket No. RP11-2107-000.

By direction of the Commission.

Kimberly D. Bose,
Secretary.