

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

July 30, 2004

In Reply Refer To:  
MIGC, Inc.  
Docket No. RP04-365-000

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

Attention: Christine M. Odell  
Director Pipeline Affairs

Reference: Conditional Acceptance of Revised Fuel Retention and Loss  
Percentage Factors

Dear Ms. Odell:

1. On July 1, 2004, MIGC, Inc. (MIGC) filed a revised tariff sheet<sup>1</sup> in compliance with Section 25 of the General Terms and Conditions (GT&C) of its tariff, which provides for MIGC's revision of its fuel retention and loss (FL&U) percentage factors each year based on the prior year's actual experience. The Commission conditionally accepts and suspends MIGC's tariff sheet, to become effective August 1, 2004, subject to refund and the conditions discussed below. Our action benefits the public because it ensures that MIGC accurately calculates its FL&U factors in accordance with its tariff as required by Commission regulations and policy.

2. MIGC proposes to increase the overall FL&U percentage factors for each of the two categories of gas entering MIGC's system. For gas entering MIGC's system at a pressure greater than or equal to 350 psig, the overall FL&U factor would be increased from 0.46 percent to 2.35 percent. For gas entering MIGC's system at a pressure less than 350 psig, the overall FL&U factor would be increased from 9.23 percent to 11.27 percent.

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<sup>1</sup> Eighth Revised Sheet No. 6 to MIGC's FERC Gas Tariff, First Revised Volume No. 1.

3. Section 25 of the GT&C permits MIGC to include in its overall FL&U percentages a surcharge to recover from or reimburse shippers, as appropriate, any difference between the actual FL&U quantity and the quantity retained in-kind during the preceding year. Section 25 also requires that this surcharge component of its overall FL&U factors be designed based upon actual volumes during the preceding year. MIGC requests that the Commission grant a one-time waiver of this provision of Section 25 to permit it to exclude certain volumes from the preceding year. MIGC states that it received notification from a firm shipper that the shipper plans to partially terminate its transportation service in the upcoming year with no indication of plans to recontract. MIGC contends that in order for the surcharge to result in an appropriate recovery or reimbursement, the volumes used to design the surcharge should reasonably approximate the volumes for the upcoming year upon which the surcharge is applied, or the surcharge will not result in an accurate true up of retained volumes for the prior year. Therefore, MIGC proposes to adjust its throughput volumes downward from last year's actual volumes to represent its expected decline in throughput.

4. Public notice of this filing was issued July 8, 2004. Interventions and protests were due July 13, 2004, as provided in § 154.210 of the Commission's regulations. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214 (2003)), all timely unopposed filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. No protests or adverse comments have been filed.

5. The Commission finds that MIGC fails to support the requested waiver of its tariff. Section 25 of its tariff provides that MIGC must use prior year actual volumes for purposes of calculating the surcharges MIGC includes in the instant proposed overall FL&U factors. The contracts cited by MIGC as the basis for reducing the projected throughput volumes are currently fully in effect. The firm shipper's announced reduction in contract demand of 12,000 MMBtu/d will not take effect until October 2004 and its additional 33,000 MMBtu/d reduction will not take effect until December 2004. MIGC does not offer any evidence that its efforts to re-market the capacity will be unsuccessful. Therefore, MIGC has not shown that its throughput for the coming year necessarily will be reduced to the extent it claims in this filing. Whatever volume differences do occur can be adequately addressed by the annual true up mechanism contained in MIGC's tariff. Therefore, we conditionally accept and suspend MIGC's proposed tariff sheet to become effective August 1, 2004, subject to refund and conditions, and deny MIGC's request for waiver of the provisions of Section 25 of its GT&C.

6. The Commission directs MIGC to file, within 20 days of the date this order issues, a revised tariff sheet reflecting recalculation of its fuel retention and loss percentage factors in accordance with its tariff.

By direction of the Commission.

Magalie R. Salas,  
Secretary.

Cc: All Parties

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