

111 FERC ¶ 61,233
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 20, 2005

In Reply Refer To:
Northern Natural Gas Company
Docket No. RP05-235-000

Northern Natural Gas Company
1111 South 103rd Street
Omaha, Nebraska 68124-1000

Attention: Dari R. Dornan, Senior Counsel

Reference: Waiver of Cash Out Requirement Due to Measurement Error

Ladies and Gentlemen:

1. On March 18, 2005, Northern Natural Gas Company (Northern) requested a limited waiver of General Terms and Conditions (GT&C) section 32 which mandates that shippers cash out their monthly transportation imbalances. Northern proposes to reconcile a significant measurement error by adjusting a shipper's storage balance in lieu of cashing out the erroneous imbalance. As discussed below, the Commission finds that Northern provided sufficient justification to grant the requested waiver. This order benefits the public because it promotes flexibility between the pipeline and its shippers to resolve imbalances.

2. Notice of Northern's filing issued on April 28, 2005. Interventions and protests were due as provided in Rule 210 of the Commission's regulations, 18 C.F.R. § 384.210 (2004). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2004), all timely filed motions to intervene and any 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. Motions to intervene were filed by CenterPoint Energy Resources Corp., dba CenterPoint Energy Minnesota Gas, Madison Gas and Electric Company, and SEMCO Energy Gas Company. The Northern Municipal Distributors Group and the Midwest Region Gas Task Force Association (NMDG/MRGTF) filed a Motion to Intervene and Conditional Protest requesting additional information from Northern. Northern filed an answer to the "conditional protest". Although the Commission's Rules prohibit answers to comments or protests, *see* 18 C.F.R. § 385.213(a)(2) (2004), the Commission may, for good cause,

waive this provision. The Commission finds good cause to do so in this instance because Northern's answer provides information that clarifies the issues and aids in our decision-making. Accordingly, Northern's answer is accepted.

3. GT&C section 32(H) mandates Northern's use of a cash out mechanism, as tiered, to calculate a dollar valuation for a shipper's volumetric imbalance to effectuate a prior period adjustment. In the instant petition, Northern requests the Commission waive this provision due to Northern's discovery in February 2005 that it understated a shipper's actual usage for December 2004 and January 2005. NMDG/MRGTF argues that the petition lacks sufficient detail to determine whether a waiver of the tariff provision is reasonable and non-discriminatory. Specifically, it asks the Commission to direct Northern to identify the affected shipper and state: (i) the reason for the error; (ii) the party responsible for the error; and (iii) the amount of gas at issue.

4. In its answer, Northern states that a technician's "inadvertent data entry" error resulted in a positive imbalance for Aquila Inc. (Aquila), a non-affiliated local distribution company. Northern states that the amount of gas at issue for December is 23,957 Dths, the difference between the original allocation of 22,500 Dths and the revised allocation of 46,457 Dths. For January, Northern states that the amount of gas at issue is 54,896 Dths, the difference between the original allocation of 6,097 Dths and the revised allocation of 60,993 Dths. Northern accepts responsibility for the error, and requests resolution of the imbalance by volumetrically adjusting Aquila's storage balance rather than requiring a cash-out of the imbalance volumes as prescribed under GT&C section 32(H).

5. Because Northern's measurement error prevented Aquila from revising its allocations during the appropriate imbalance resolution period, Aquila did not have the opportunity provided for in the tariff to timely resolve its imbalances. Furthermore, Aquila does not protest Northern's petition. Accordingly, the Commission finds Northern's request for a one-time waiver of the subject tariff provision reasonable and non-discriminatory.

By direction of the Commission.

Linda Mitry,
Deputy Secretary.

cc: All Parties