

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

February 1, 2006

In Reply Refer To:
Northern Natural Gas Company
Docket No. RP06-159-000

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

Attention: Mary Kay Miller, Vice President
Regulatory and Government Affairs

Reference: Load Forecast Formula

Ladies and Gentlemen:

1. On August 19, 2004, the Commission issued an order in Docket No. RP04-405-000 accepting Northern Natural Gas Company's (Northern) proposal to implement Operational Zone nominations for shippers with non-telemetered points.¹ In that order, the Commission directed Northern to incorporate into its tariff a generic load forecast formula for shippers to use when nominating to non-telemetered Operational Zones. Northern filed its generic load forecast formula on September 3, 2004, basing the formula on historical weather and load data. Northern also proposed a tariff provision allowing Northern and a shipper to agree to an alternative load forecast formula, should it be more suitable than the generic formula. Under Northern's proposal, the use of any alternative load forecast formula would be subject to Northern filing that formula for Commission approval. On November 24, 2004, the Commission issued a letter order accepting Northern's generic load forecast formula and alternative formula provision.²

2. On December 29, 2005, in the subject filing, Northern filed an alternative load forecast formula for service with Aquila, Inc. The formula forecasts nomination volumes based on historical baseline volumes adjusted for heating degree days. Northern states its alternative load forecast formula with Aquila will produce more accurate results than its

¹ *Northern Natural Gas Company*, 108 FERC ¶ 61,197 (2004).

² *Northern Natural Gas Company*, 109 FERC ¶ 61,222 (2004).

generic formula. Northern proposes to effectuate its alternative formula on February 1, 2006. Northern notes that Aquila is the only shipper currently using non-telemetered Operational Zone nominations on its system.

3. The Commission issued a notice of Northern's filing on January 5, 2006, allowing for protests as provided by section 154.210 of the Commission's regulations. 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. No party filed a protest or adverse comments. CenterPoint Energy Resources Corporation (CenterPoint) filed a request for clarification.

4. In its clarification request, CenterPoint states it does not object to Northern's proposed alternative load forecast formula, but expresses concerns that Northern's filing of the formula negotiated with Aquila for Commission approval does not guarantee equal treatment for all shippers under Northern's tariff. CenterPoint requests the Commission clarify that any other shipper nominating to a non-telemetered Operational Zone could use the same formula methodology, adjusted for that shipper's historic load. To ensure equal treatment, CenterPoint requests that Northern incorporate the following language into its tariff: "Any method of computing an alternative formula approved by the Commission for use by individual shippers for nominating to a non-telemetered zone shall also be made available by Northern to any other shippers requesting the same service."

5. We accept Northern's proposed alternative load forecast formula effective February 1, 2006, as proposed. Using this formula should result in Aquila making more accurate nominations to its non-telemetered Operational Zone. Further, we partially grant CenterPoint's request for clarification. As CenterPoint seeks, other shippers and Northern may agree to use the subject load forecast formula methodology (or any other appropriate formula) to compute nominations to their respective non-telemetered Operational Zones should the formula fit that shipper's load profile, and subject to Commission approval. This is expressly provided for by section 28 of Northern's General Terms and Conditions. Further, requiring Northern to file any alternative formulas with the Commission provides shippers with the necessary transparency to ensure that Northern is implementing this provision in a manner that is not unduly discriminatory. This should alleviate CenterPoint's concerns about unfair treatment

between shippers. However, since the assurances CenterPoint seeks are already provided for by Northern's tariff, we will not require Northern to incorporate into its tariff the language that CenterPoint suggests.

By direction of the Commission.

Magalie R. Salas,
Secretary.

Cc: All Parties

Frank X. Kelly
Steve Stojic
Gallagher, Boland & Meiburger, L.L.P.
818 18th Street, N.W., Suite 800
Washington, D.C. 20006-3520