

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Nora Mead Brownell, and Suedeen G. Kelly.

Northern Natural Gas Company

Docket No. RP06-332-000

ORDER ACCEPTING AND SUSPENDING TARIFF SHEET AND ESTABLISHING  
TECHNICAL CONFERENCE

(Issued May 26, 2006)

1. On April 28, 2006, Northern Natural Gas Company (Northern) filed First Revised Sheet No. 26<sup>1</sup> to its FERC Gas Tariff, Fifth Revised Volume No. 1 to move the current boundary between its Operational Zones ABC and EF to the border between the states of Iowa and Minnesota. Northern requests a June 1, 2006, effective date. For the reasons discussed below, Northern's revised tariff sheet is accepted and suspended, effective June 1, 2006, subject to the outcome of a technical conference.

**The Subject Filing**

2. Northern's Market Area is divided into their Operational Zones. A local distribution company (LDC) may treat all its delivery points in an operational zone as a single delivery point for nominating service on Northern, instead of making separate nominations to each delivery point. In response to a customer request, Northern is proposing to adjust the boundary between its Operational Zones ABC and EF to the Iowa/Minnesota border in order to provide that delivery points in northern Iowa currently located in Operational Zone EF be moved to Operational Zone ABC and delivery points in southwestern Minnesota currently located in Operational Zone ABC be moved to Operational Zone EF. Northern has determined that the proposed changes involve a small enough delivery volume that its operations and system management capabilities will not be affected by the changes. The shippers most affected by the changes are Aquila, Inc. (Aquila) and Alliant Energy (Alliant).

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<sup>1</sup> Northern's map is a general location map. Pursuant to the procedures outlined in Order No. 630 (102 FERC ¶ 61,190 at P 30 (2003)), the map has been designated as "Non-Internet Public."

3. Aquila has agreed to sell certain of its distribution assets located in Minnesota to Minnesota Energy Resources Company (MERC) and estimates that the sale will be completed on or about July 1, 2006. Approval of the proposed tariff revisions will allow MERC to have all of its Minnesota delivery points in Operational Zone EF and will allow all affected Aquila delivery points to be part of Operational Zone ABC, simplifying the nomination process for both shippers. Alliant was supportive of the proposed changes, and will also benefit from a simplified nomination process for its Iowa nominations.

4. One municipality, Round Lake, Minnesota with a single delivery point currently located in Operational Zone ABC has requested that it remain in that zone. Northern is therefore proposing to grandfather that delivery point in Operational Zone ABC to allow Round Lake to retain its current Operational Zone ABC designation.

5. Upon approval of the authorizations requested, Northern will send the affected shippers amended contracts as necessary to properly reflect the changes in assignment of individual points within operational zones.

### **Notice, Interventions, and Protest**

6. The Commission noticed Northern's filing on May 2, 2006. Interventions and protests were due May 10, 2006, as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2004)). All timely filed motions to intervene and any motions to intervene out-of-time filed before the date of issuance of this order are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214 (2004)). Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. On May 10, 2006, Northern States Power Company-Minnesota (NSP-M) and Northern States Power Company-Wisconsin (NSP-W), collectively (NSP) filed a protest and comments were filed by Alliant, Aquila, MERC, and Northern Municipal Distributors Group (NMDG) and the Midwest Region Gas Task Force Association (MRGTF).

7. On May 17, 2006, Northern filed an answer to NSP's protest and NMDG/MRGTF's comments.<sup>2</sup> While the Commission's Rules of Practice and Procedure<sup>3</sup> generally prohibit answers to protests, the Commission will accept the answer to provide a better understanding of the issues in this proceeding.

8. NSP claims that Northern improperly denied a similar request made by NSP-M. According to NSP, Northern had told NSP that the key factors for approving a request for a boundary shift were the number of points and volumes affected by such requests.

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<sup>2</sup> On May 18, 2006, Aquila filed an answer to the protest filed by NSP.

<sup>3</sup> 18 C.F.R. § 385.213(a)(2) (2003).

Based on information provided NSP by Northern, the request of Aquila affected 27 delivery points while NSP-M's request affected only one delivery point, and the aggregate volumes attributable to Aquila's request were far greater than the NSP-M's volumes, indicating that the parties were at the minimum similarly-situated. The only material differences between the two proposals, according to NSP, were the fact that MERC is a new customer and there was a sale of assets involved, neither of which NSP believes constitutes sufficient reasons by themselves for approving one request and not the other. Therefore, NSP requests that the Commission find that Northern's denial of NSP-M's request to change the Operational Zone EF boundary was unduly discriminatory and to direct Northern to grant NSP-M's request.

9. Finally, NSP claims that the procedures and standards for zone boundary changes employed by Northern constitute a practice affecting Northern's jurisdictional services which, under NGA section 4, must therefore be kept open in convenient form and place for public inspection. Therefore, NSP requests that the Commission direct Northern to file proposed tariff language that clearly articulates the procedures for shippers to request zone boundary changes, and that it include non-discriminatory, objective and verifiable standards that will apply in determining whether to grant such shipper requests.

10. NMDG/MRGTF states that it takes no position at this time on whether the requested changes are necessary, but is concerned that there appear to be no standards in Northern's tariff concerning how such requests are to be made and evaluated. Such changes can affect operations in both zones with respect not only to the primary points involved, but to the use of secondary points as well. Further, despite the claims of Northern, NMDG/MRGTF asserts it is easy to imagine circumstances where boundary line changes would cause difficulties for one or more shippers with regards to operational or system management capabilities. Given the ripple effect that such changes could have on systems, NMDG/MRGTF believes that there should be quantifiable, generally applicable, non-discriminatory standards determining whether and when to grant requests for zone boundary changes.

11. Alliant, Aquila and MERC all filed comments in support of Northern's proposal, citing the benefits involved from grouping delivery points together in a single zone, especially with regards to the nomination process.

12. In its answer, Northern reiterates the reasons it had provided NSP-M for denying its request for a boundary shift. Northern states that NSP-M's request lacked the extraordinary circumstance of a major local distribution company customer on its system selling all of its assets in one state to another local distribution company customer. Northern also cites the lack of adverse impact attributable to Aquila's request as contrasted by the significant negative operational consequences it asserts would result in granting the request of NSP-M, not only on Northern's system management but on the operations of other shippers located on the Aberdeen branchline as well. Northern

concludes that NSP had not met its burden of proof that the existing zone boundaries are unjust and unreasonable and that its proposed change is just and reasonable as required under section 5 of the Natural Gas Act. Northern further concludes that its tariff should not be burdened with procedures for a shipper to request a change to such tariff, claiming it would be unreasonable to expect Northern to create standards for evaluating every conceivable request that a shipper might make for Northern to amend its tariff.

### **Discussion**

13. The Commission accepts and suspends Northern's filing to become effective June 1, 2006. The Commission finds that the protest and comments raise significant issues that require further review, including the treatment afforded the two requests for boundary shifts. At this juncture, a technical conference is the best procedure to allow discussion and possible resolution of the issues raised in the protest and comments. At the conference, Northern should be prepared to respond to all issues that have been raised and all remedies that have been suggested.

### **Suspension**

14. Based upon a review of the filing, the Commission finds that the proposed tariff sheet has not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, the Commission shall suspend the tariff sheet for the period set forth below, subject to the outcome of the technical conference established in this proceeding.

15. The Commission's policy regarding tariff suspensions is that tariff filings generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or that it may be inconsistent with other statutory standards. *See Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month suspension). It is recognized, however, that shorter suspensions may be warranted under circumstances in which suspension for the maximum period may lead to harsh and inequitable results. *See Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (one-day suspension). Such circumstances exist here. Accordingly, the Commission will exercise its discretion to suspend the tariff sheet for a shorter period and permit the tariff sheet to take effect on June 1, 2006, subject to conditions.

### **The Commission orders:**

(A) Northern's revised tariff sheet is accepted and suspended, to be effective June 1, 2006, subject to the outcome of a technical conference.

(B) The Commission's Staff is hereby directed to convene a technical conference to explore the issues raised as discussed in the body of this order. The Staff is to report the results of the technical conference to the Commission within 120 days of the date this order issues.

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.