

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

September 29, 2006

In Reply Refer To:  
Northern Natural Gas Company  
Docket Nos. RP06-332-002

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

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

Reference: Operational Zone Boundary Modifications

Ladies and Gentlemen:

1. On August 25, 2006, Northern Natural Gas Company (Northern) filed Second Revised Sheet No. 259A and Original Sheet No. 259B to its FERC Gas Tariff, Fifth Revised Volume No. 1 in Docket No. RP06-332-002 reflecting proposed tariff language modifications to its April 28, 2006 Filing (April 28 Filing) in this docket. These modifications were the result of discussions between Northern and parties that opposed some or all aspects of the April 28 Filing.<sup>1</sup> The Commission accepts Northern's tariff sheets, to become effective October 1, 2006, as proposed, as final resolution of all issues in these proceedings.

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<sup>1</sup> 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 Energy, Aquila, Inc., Minnesota Energy Resources Company, and Northern Municipal Distributors Group (NMDG) and the Midwest Region Gas Task Force Association (MRGTF). Other intervenors included CenterPoint Energy, Minnesota Gas, Madison Gas & Electric Company, Metropolitan Utilities District of Omaha, MidAmerican Energy Company, SEMCO Energy Company, and Wisconsin Electric Power Company.

2. On April 28, 2006, Northern made a filing in Docket No. RP06-332-000 proposing to move the current boundary between Northern's Operational Zones ABC and EF to the border between Iowa and Minnesota. As a result, Northern would move certain delivery points in northern Iowa from Operational Zone EF to Operational Zone ABC, and move certain delivery points in southwestern Minnesota from Operational Zone ABC to Operational Zone EF. On May 26, 2006, the Commission accepted and suspended the April 28 Filing, subject to the outcome of a technical conference to discuss the issues raised by the parties.<sup>2</sup> Northern subsequently filed a motion requesting postponement of the technical conference, stating that the parties involved agreed to work on revised tariff language to resolve the issues.

3. On July 7, 2006, Northern filed a supplement to its April 28 Filing under Docket No. RP06-332-001 to identify two delivery points that it would allow to remain in Operational Zone EF when Northern effectuates the moving of its current boundary between Operational Zones ABC and EF. On July 17, 2006, a notice was issued postponing the technical conference and directing Northern to file a report on its negotiations with the parties no later than July 31, 2006. On July 31, 2006, Northern reported to the Commission that the parties continued to negotiate and anticipated completing the language and filing the tariff revisions by August 25, 2006. On August 4, 2006, the Commission accepted Northern's July 7, 2006 supplemental filing, subject to the outcome of the ongoing proceedings in this docket.<sup>3</sup>

4. Northern's instant filing reflects modifications to its April 28 Filing with the addition of revised tariff language concerning the procedures for changing or moving currently effective Operational Zone boundaries that satisfies all concerns raised by the parties involved. Northern proposes to add the following language to Revised Sheet No. 259A:

Shipper may request a change in the currently effective Operational Zone boundaries or may request that a delivery point(s) be moved from one Operational Zone to another. Such request shall be made in writing and shall set forth the name of the Shipper, the delivery point(s) involved, and the reasons for requesting the change or move.

- a). Northern shall evaluate any such request using the following requirements:
  - i. Shipper has had delivery point(s) in the Operational Zone to which Shipper has requested the delivery point(s) be changed or moved for a period of at least twelve (12) consecutive months;

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<sup>2</sup> *Northern Natural Gas Company*, 115 FERC ¶ 61,254 (2006).

<sup>3</sup> *Northern Natural Gas Company*, 116 FERC ¶ 61,123 (2006).

- ii. circumstances at the particular delivery point(s) that Shipper desires to change or move have changed from those existing at the time the existing boundaries were established, *e.g.*, a change in ownership of the delivery point(s); a change in the size of the load at the delivery point(s); or an intervening change in Northern's tariff which, in conjunction with the change or move in delivery point(s), would simplify Shipper's nomination process; and
  - iii. the change will not result in negative operational consequences or other system management problems for Northern or other shippers. As part of the assessment of the operational and system management consequences of the requested change, Northern shall perform a flow study, based on the three most recent scheduling allocations in the Operational Zone in which the delivery point(s) specified in the Shipper's request currently are located, demonstrating how those allocations would have been affected had the delivery point(s) not been in that Operational Zone at the time of the allocations. To the extent Northern demonstrates that increased allocations, SOL, SUL or Critical Days or other operational or system management impacts will occur as a result of the change, the request will be denied.
- b). If Northern determines that the requirements set forth in subsection a. have been met, Northern shall make a section 4 tariff filing requesting Commission approval to make the proposed change or move. No such change or move shall be made until Commission approval has been obtained.
  - c). If the request is granted and negative operational or other adverse consequences result, Northern has the right to make a filing with the Commission to (1) restore the Operational Zone boundaries that existed prior to the change, or (2) return the delivery point(s) to the original Operational Zone. Pending the outcome of the filing before the Commission, Northern has the right to take interim actions that address the negative operational impact or other adverse consequences. Such interim actions include, but are not limited to, the actions set forth in c(1) and c(2) above.

Northern proposes that the Commission accept the tariff language proposed herein as final resolution of all issues in this docket. Northern further requests that the Commission grant waiver of its regulations to allow the tariff sheets to become effective October 1, 2006.

5. Public notice of this filing was issued on August 29, 2006. Interventions and protests were due as provided in section 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 (2006), 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. Granting late interventions at this stage of the proceeding will not disrupt the proceeding or place additional burden on existing parties. On September 5, 2006, the NMDG and MRGTF filed comments in support of Northern's filing, and on September 6, 2006, NSP filed a Motion for Leave to Intervene, Comments in Support of, and Notice of Withdrawal of Protests under Docket No. RP06-332 *et al.* No adverse comments or protests were filed.

6. The Commission finds that Northern's revised tariff language satisfactorily addresses its concerns, as well as those of the parties, about the procedures it will employ concerning proposed changes and moves to its Operational Zone Boundaries. Accordingly, we accept Northern's filing as proposed, and grant waiver to allow an effective date of October 1, 2006, as final resolution of all issues in the instant proceedings.

By direction of the Commission. Commissioner Moeller not participating.

Magalie R. Salas,  
Secretary.

cc: All Parties

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