UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Suedeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Northern Natural Gas Company	Docket Nos.	CP06-89-000
WTG Hugoton, LP		CP06-90-000 CP06-91-000 CP06-92-000

ORDER DENYING ABANDONMENT AUTHORITY AND DISMISSING REQUEST FOR CERTIFICATES

(Issued October 26, 2006)

1. On March 15, 2006, Northern Natural Gas Company (Northern) filed in Docket No. CP06-89-000 an application pursuant to section 7(b) of the Natural Gas Act (NGA) and Part 157 of the Commission's regulations, for authority to abandon by sale various natural gas pipeline facilities, referred to as the West Hugoton facilities, located in various Kansas and Oklahoma counties, to WTG Hugoton, LP (WTG). On the same date, WTG filed an application, in Docket No. CP06-90-000, pursuant to section 7(c) of the NGA and Part 157 of the Commission's regulations requesting a certificate of public convenience and necessity to acquire, own, and operate the West Hugoton facilities. WTG also requests, in Docket Nos. CP06-91-000 and CP06-92-000, respectively, issuance of blanket certificates pursuant to Subpart F of Part 157 and Subpart G of Part 284 of the Commission's regulations.

2. For the reasons discussed below, we find that the proposed abandonment is not in the public interest. Since we are denying the request by Northern to sell the subject facilities to WTG, we will dismiss WTG's associated requests for certificate authority.

I. Background

3. Northern is a natural gas company engaged in the transportation of natural gas in interstate commerce pursuant to the NGA. Northern is a Delaware corporation having its principal place of business in Omaha, Nebraska. It is authorized to do business in the states of Delaware, Texas, New Mexico, Oklahoma, Kansas, Nebraska, Iowa, Minnesota, Illinois, Michigan, Wisconsin, North Dakota, South Dakota, and Louisiana. Northern's entire pipeline system consists of approximately 16,500 miles of pipeline from the Permian basin in Texas to the Upper Peninsula of Michigan. Northern's Field Area is in Texas, Oklahoma, and Kansas and provides access to supplies from the Hugoton, Anardarko, Permian, and Rocky Mountain supply basins for Northern's Market Area as well as Field Area interconnects. Northern's Field Area facilities located in Kansas and the Oklahoma panhandle have the appearance of a parallelogram, the western-most part of which comprises the West Hugoton facilities. Northern states that the West Hugoton facilities were originally constructed to deliver unprocessed gas to processing plants, and that producers and gatherers have recently requested additional connections to alternative processing plants.[1]

4. WTG is a limited partnership formed under the laws of Texas. The general partner is WTGKS GP, LLC, a Texas limited liability company, which in turn, is a wholly owned subsidiary of West Texas Gas, Inc. West Texas Gas, Inc. is predominantly engaged in the distribution of natural gas through discrete, non-interconnected intrastate pipeline systems located in West Texas and the Texas and Oklahoma panhandles.[2] WTG serves chiefly non-jurisdictional users and small residential and commercial customers

[1] Currently, gas transported on the West Hugoton facilities can be processed at the Bushton processing plant connected downstream on Northern's system or the National Helium Plant connected to Panhandle Eastern Pipeline Company's (Panhandle) system into which deliveries are made from the Liberal Lateral portion of Northern's West Hugoton facilities. Further, Northern states that it is constructing interconnecting facilities between the West Hugoton facilities and the nearby Jayhawk processing plant at the request of OXY USA Inc. The interconnection is scheduled for completion by December 1, 2006. *See* WTG's September 15, 2006 Answer at 3.

[2] West Texas Gas, Inc., however, operates a jurisdictional interstate pipeline system making sales for resale in Oklahoma and New Mexico, and owns a jurisdictional interstate pipeline company - Western Gas Interstate Company - which provides sales and transportation service in the panhandles of Texas and Oklahoma.

subject to the jurisdiction of the Texas Railroad Commission. WTG does not currently own any interstate natural gas pipeline facilities. If granted the certificate sought herein, WTG would become a natural gas company within the meaning of section 2(6) of the NGA and would be engaged in the transportation of natural gas subject to the Commission's jurisdiction.

II. Proposals

5. Northern proposes to abandon by sale to WTG the West Hugoton facilities, comprising approximately 264 miles of 3-inch to 26-inch diameter pipeline and related compression, delivery and receipt points, and appurtenant facilities in Morton, Stevens, Grant, Kearny, Finney, Seward, and Haskell Counties in Kansas, and Texas County in Oklahoma, for a price of approximately $24 million. Northern proposes to abandon the services it provides on the subject facilities.

6. Northern states that the West Hugoton facilities were originally built to support its merchant service by providing access to natural gas supplies and, since it no longer performs a merchant function, it no longer needs to own and operate the West Hugoton assets. Northern avers that the proposed abandonment will not adversely impact any firm service to existing shippers, stating that shippers currently flowing gas from receipt points on the sale facilities to delivery points on the sale facilities will be served exclusively by WTG after the sale. Northern also states that firm shippers with receipt points on the sale facilities and delivery points on Northern's retained facilities will have the opportunity to realign firm entitlement to receipt points on Northern's retained system or, if such realignment is not opted for by a shipper, that shipper's service agreement would be amended, without further action by the shipper, to substitute the first designated custody transfer point located downstream of the sale facilities.

7. Northern contends that the sale of the subject facilities is critical to Northern and its shippers and will reduce the cost of doing business in Northern's Field Area. Northern states that a significant amount of transportation service capacity held in its Field Area will be expiring on November 1, 2007, and that Northern has been informally notified by certain customers holding that capacity that they do not intend to extend their Field Area contracts at existing terms when they expire. Northern states that the proposed abandonment will benefit its entire customer base while maintaining supply access, providing additional alternatives for delivery of their gas, and providing for more efficient use of the facilities by WTG. Northern states that the removal of the operating and maintenance costs associated with the subject facilities will result in a net reduction in expenses of $9.2 million per year. These costs would be eliminated along with costs associated with the return on investment and taxes, in Northern's next section 4 general

rate case. Northern further states that the proposal also eliminates the need for future capital expenditures for modifications and replacements.

8. Northern proposes to establish a new Rate Schedule CS-1 to provide a stand-alone compression service for WTG. Northern proposes to utilize existing facilities at its Sublette compressor station to provide the service to WTG and allow seamless transportation service to the Liberal Lateral, which is part of the West Hugoton facilities, just as Northern is able to do now. Northern states that its customers will benefit from the revenue received from WTG for the compression service as well as the recovery of the fuel used. Northern further states that it will file to change its fuel rates, accordingly, upon approval and close of the asset sale.

9. WTG states that it will continue to provide firm and interruptible service to all shippers currently served by Northern through the West Hugoton facilities. WTG contends that the proposal introduces a new pipeline service provider and additional competition into the Hugoton area, and that WTG can operate the facilities more efficiently and at a lower cost than Northern. WTG estimates that its cost of service will be $16.1 million per year of which approximately $8.5 million will be operation and maintenance expense.

10. Neither Northern nor WTG is requesting authorization to construct or remove any facilities.

III. Interventions, Protests, Comments, and Answers

11. Joint notice of the Northern and WTG applications was published in the *Federal Register* on March 28, 2006 (71 Fed. Reg. 15,404). The Kansas Corporation Commission (KCC) filed a timely notice of intervention. Anadarko Petroleum Corporation and Anadarko Energy Services Company (Anadarko), Aquila, Inc. d/b/a/ Aquila Networks (Aquila), Duke Energy Field Services, LP (DEFS), ExxonMobil Gas & Power Marketing Company, a division of ExxonMobil Corporation (ExxonMobil), Nicor Gas, the Northern Municipal Distributors Group and each of its members[3] and the

[3] NMDG is composed of the following Iowa municipal-distributor customers of Northern: Cascade, Cedar Falls; Coon Rapids; Emmetsburg; Gilmore City; Graettinger; Guthrie Center, Harlan; Hawarden; Lake Park; Manila; Manning; Osage; Preston; Remsen; Rock Rapids; Rolfe; Sabula; Sac City; Sanborn; Sioux Center; Tipton; Waukee; West Bend; Whittemore; and Woodbine.

Midwest Region Task Force Association and each of its members,[4] jointly and severally, (NMDG/MRGTF), ONEOK Field Services Company (OFS), OXY USA Inc. (OXY USA), PVR Midstream, LLC, SEMCO Energy Gas Company, Southwest Kansas Non-profit Utilities (Southwest Kansas), Northern, and WTG filed timely, unopposed motions to intervene.[5]

12. Centerpoint Energy Resources Corp. d/b/a Centerpoint Energy Minnesota Gas, Northern States Power Company (Minnesota), and Northern States Power Corp. (Wisconsin) (jointly, Northern States) filed a late motion to intervene. The Commission finds that granting the motion to intervene out of time will not delay, disrupt, or otherwise prejudice this proceeding or place an additional burden on existing parties. Therefore, for good cause shown, we will grant the motion.[6]

13. ExxonMobil, a major firm service shipper with contracts expiring in 2015, filed a protest, which Anadarko supports, arguing that the Commission should deny Northern's request for abandonment authority because there is no assurance of continued service on comparable terms and it will pay higher stacked rates if it chooses to deliver gas to its alternate Bushton delivery point which would entail the use of WTG and Northern capacity.

14. OFS, a gatherer with facilities connected to the West Hugoton facilities and an affiliate of the operator of the Bushton processing plant located on Northern's system downstream of the West Hugoton facilities, filed a motion requesting the Commission to reject Northern's and WTG's applications. OFS maintains that: Northern's existing shippers will subsidize Northern's proposed compression service, captive shippers such

[4] MRGTF is composed of the following municipal-distributor and local distribution customers of Northern: Austin; Circle Pines; Community Utility Co.; City of Duluth, Minnesota - Duluth Public Utilities; Great Plains Natural Gas Co.; Hibbing; Hutchinson; New Ulm; Northwest Natural Gas Co.; Owatonna; Round Lake; Sheehan's Gas Co., Inc.; Two Harbors; Virginia; Westbrook, Minnesota; Midwest Natural Gas, Inc.; Superior Water Light & Power; St. Croix Valley Natural Gas, Wisconsin, d/b/a St. Croix Gas, Wisconsin; and Watertown, South Dakota.

[5] Timely unopposed motions to intervene and timely notices of intervention are granted by operation of Rule 214 of the Commission's Rules of Practice and Procedure. 18 CFR § 385.214 (2006).

[6] 18 C.F.R. § 385.214(d) (2006).

as OFS will be subject to rate stacking,[7] WTG's proposed tariff fails to adequately protect shippers' processing rights, and WTG has not demonstrated that approval of its proposals would be in the public interest.

15. The KCC protests stating that abandonment should not be granted if the result is that Kansas customers experience rate increases, and asks that WTG's rates be rejected and that the Commission set for hearing the justness and reasonableness of WTG's rates. The KCC further requests that any certificate issued to WTG be conditioned on WTG agreeing to charge rates to existing customers that do not exceed their existing rates until WTG's first full NGA section 4 rate case.

16. Other parties filed comments expressing concerns about Northern's proposed rates and/or WTG's proposed rates and tariff (Aquila, OXY USA, and Southwest Kansas), Northern's future rate treatment of the abandonment (NMDG/MRGTF and Northern States), and Northern's existing customers (Southwest Kansas).

17. Northern and WTG filed answers to the comments and protests. OFS filed an answer to the answer, and Northern and WTG filed answers to that filing. Subsequent supplements, responses, and answers were also filed by OFS, OXY USA, Northern and WTG. Although the Commission's Rules of Practice and Procedure do not permit answers to protests or answers to answers, the Commission finds good cause to waive Rule 213(a) and admit the answers filed in this proceeding because they provide information that assisted us in our decision-making.[8]

18. OFS, Northern, and WTG request consolidation of the dockets in this proceeding. Although several elements of the two applications are similar, they must be examined independently, seriatim. This is because the factors to be considered in analyzing the abandonment application (such as the economic effect on the pipelines' current consumers) are independent from those involved with the certificate application (such as the subsidization issue). In this case, our denial of the abandonment application forecloses the necessity to review the certificate application. The Commission finds that the two applications are significantly exclusive such that consolidation would not

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[7] OFS' affiliates Oneok Midstream Gas Supply, LLC and Oneok Energy Services Company, L.P., collectively ONEOK, are the actual holders of capacity on the West Hugoton facilities.

[8] 18 C.F.R. § 385.213(a)(3)(2006). Rule 213 does not prohibit answers to comments.

produce sufficient procedural efficiency to warrant consolidation. Accordingly, the requests for consolidation are denied.

19. OFS requests a trial-type evidentiary hearing if the Commission does not reject WTG's application as OFS requests. Aquila requests a technical conference to address operational and rate issues related to WTG's proposal. Since we are dismissing WTG's proposal, we will dismiss as moot both requests.

IV. Discussion

20. Since the facilities Northern seeks to abandon are facilities certificated to transport natural gas in interstate commerce subject to the jurisdiction of the Commission, Northern's proposed abandonment requires Commission authorization under NGA section 7(b).[9] Historically, in reviewing a request for abandonment by sale, the Commission has considered: the needs of the two natural gas systems and the public markets they serve, the environmental effects of its decision,[10] the economic effect on the pipelines and their consumers, the presumption in favor of continued service, and the relative diligence of the respective pipelines in providing for adequate natural gas supplies.[11] The Commission also weighs the claimed benefits of the abandonment against any detriments.

21. In the instant case, the subject facilities are not proposed to be abandoned because they are underused and uneconomical. Nor are they deteriorated and being replaced. The applicants intend that the pipeline will remain functioning to transport natural gas in

[9] Section 7(b) of the NGA, 15 U.S.C. § 717f(b). No natural-gas company shall abandon all or any portion of its facilities subject to the jurisdiction of the Commission, or any service rendered by means of such facilities, without the permission and approval of the Commission first had and obtained, after due hearing, and a finding by the Commission that the available supply of natural gas is depleted to the extent that the continuance of service is unwarranted, or that the present or future public convenience or necessity permit such abandonment.

[10] The review of this proposal under § 380.4 confirms that this action qualifies as a categorical exclusion under section 380.4(a) (36).

[11] *Transcontinental Gas Pipe Line Co. v. FPC*, 160 U.S. App. D.C. 1, 488 F.2d 1325 at 1330 (1973), *cert. denied sub nom., Natural Gas Pipeline Co. v. Transcontinental Gas Pipeline Corp*., 417 U.S. 921, 41 L. Ed. 2d 226, 94 S. Ct. 2629 (1974) [the La Gloria Field case].

interstate commerce for the same customers. Since no facility will be constructed or removed from service, the proposal raises no environmental issues. No service is proposed to be discontinued. Here, the pertinent issues are the economic impact on Northern's present customers and whether arrangements have been made for continuation of service. For the reasons given below, we find that the claimed benefits to not outweigh the detriments of the proposed abandonment and therefore we will deny Northern's request for abandonment authority.

A. Economic impact

22. As explained below, our analysis indicates that the proposed abandonment would more than likely result in shippers with primary receipt and delivery points on Northern's West Hugoton facilities paying higher transportation rates to move the same volumes of gas over the same pipeline.

i. Northern

23. Northern claims that its proposal will benefit its customers by reducing operating and maintenance costs as well as the need for future capital expenditures for modifications and replacement of the West Hugoton facilities. In addition, Northern states that its rate base and the costs associated with the return on investment and associated taxes will also be eliminated from Northern's rates in its next section 4 general rate case proceeding, resulting in rates that are lower than if the facilities were still operated by Northern. Northern does not claim that it is not recovering the costs associated with providing service on the West Hugoton facilities.

24. Northern indicates that, in any future rate case, the abandonment would cause a reduction in its Field Area rates of 3.9 percent and in Market Area rates of 4 percent.[12] However, we find that shippers could be subject to higher, "stacked" rates for transportation to other downstream markets on Northern as a result of the abandonment.

25. Northern's Field Area has a postage stamp rate design that allows shippers to move their gas from anywhere in the Field Area to Northern's Demarcation point (Demarc), the point that divides Northern's Field Area and Market Area and is a major pooling point for gas supplies on Northern's system. OFS states that currently gas is able to move off those portions of its gathering system attached to the West Hugoton facilities proposed to be abandoned by Northern to the market hub at Demarc for a total rate of no

[12] Northern's August 18, 2006 data response No. 6.

more than 26 cents per dth.[13] If the abandonment application is approved, shippers transporting gas to downstream points on Northern could be required to pay WTG's proposed transportation rate of approximately 30 cents per dth to move gas on the new WTG system and then could also be required to pay an additional rate of approximately 26 cents per dth to Northern to move gas to a delivery point, such as Demarc or the Bushton processing plant. This could result in shippers paying as much as 56 cents per dth for service they are currently receiving from Northern for approximately 26 cents per dth.

26. Even if Northern's customers could benefit from cost savings[14] and rate base reductions resulting from the sale of the facilities, these cost savings would only occur after Northern files another rate case. However, Northern is currently under a rate case moratorium and is under no obligation to file a rate case in the future.[15] According to Northern's August 18, 2006 data response, Northern has advised its customers that it does not plan to file to implement new base rates in 2007 and will continue to evaluate the potential filing of a general rate case proceeding. Therefore, we find that the claimed future benefits for Northern's customers are, at best, speculative.

ii. WTG

27. WTG proposes a maximum firm transportation reservation rate of $7.50 per dth and a maximum firm usage rate of $0.0598 per dth, resulting in a 100 percent load factor rate of $0.3064 per dth on the West Hugoton facilities. Northern's new Rate Schedule CS-1 service would add another $0.0150 per dth to WTG's shippers' rates for deliveries on the Liberal Lateral. Northern's comparable 100 percent load factor Field Area maximum firm transportation reservation rate, applicable to service on the West Hugoton facilities, is $0.2399 per dth, on an annualized basis, and its maximum commodity rate is

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[13] Oneok Field Services Co.'s April 12, 2006 Motion to Intervene, for Consolidation, and to Reject Filing, or in the Alternative, Protest and Motion for Evidentiary Hearing at 9.

[14] We note that WTG claims that it will operate the West Hugoton facilities more efficiently and have lower labor costs than Northern. However, WTG has not shown that any such savings would necessarily translate into a lower rate for service on the West Hugoton facilities.

[15] Northern's August 18, 2006 data response. *See* Article II, paragraph A of Northern's rate case settlement in Docket Nos. RP03-398-000 and RP04-155-000.

$0.0122 per dth, for a total rate of $0.2521 per dth.[16] Therefore, maximum transportation rates for shippers with primary receipt and delivery points on Northern's West Hugoton system would increase by approximately 27.5 percent if they move gas on the Liberal Lateral and 21.5 percent if they use other delivery points on the West Hugoton system.

28. WTG concedes that it will be charging rates that are "duplicative" of the rates shippers now pay Northern for service on these facilities. However, WTG argues that the inclusion of the costs of the West Hugoton facilities and related operation and maintenance expenses in Northern's rates until its next rate case is a "product of the structure of the NGA" and should not prevent otherwise meritorious abandonment and certificate applications from being granted.[17]

29. WTG also concedes that rate stacking could occur for shippers who continue to flow gas on both systems.[18] However, WTG and Northern state they are actively seeking to enter into long-term agreements with existing shippers that satisfy any rate concerns shippers may have and state that competitive pressures are likely to require both WTG and Northern to discount their rates to maintain service for existing customers and attract business from new shippers.[19]

30. In sum, WTG's rates would be higher than Northern's Field Area rates, but WTG would provide service only on the West Hugoton portion of Northern's Field Area. In effect, shippers on WTG's system would be subject to higher rates for less service than is currently provided by Northern. Further, shippers on WTG's system who wish to continue deliveries at points on Northern's remaining system would also be subject to stacked rates for service currently provided at Northern's rates alone.

[16] Northern Natural Gas, 73rd Revised Sheet No. 50. In addition, a Mileage Indicator District commodity rate may be added depending on the individual receipt and delivery point combination.

[17] WTG's April 27, 2006 Answer at 10.

[18] WTG's April 27, 2006 Answer.

[19] Northern's August 18, 2006 data response. The Commission notes that rate stacking will not occur for deliveries on the WTG system, such as those into Panhandle through the Liberal Lateral.

31. Therefore, we find it more than likely that firm transportation customers utilizing capacity on the West Hugoton facilities would pay higher rates for the same service they are currently receiving from Northern.

B. Existing Northern Contracts Not Resolved

32. Northern and WTG have not reached agreement with shippers holding the vast majority of firm capacity rights on the West Hugoton facilities. The applicants have not shown that those shippers will ultimately receive continued service on WTG's facilities under conditions that are comparable to what they currently receive from Northern.

33. WTG has entered into an agreement only with OXY USA, a major shipper, at essentially the same terms and conditions as the existing contract between OXY USA and Northern. WTG states that it has also made an offer to ExxonMobil, the largest shipper, to provide service at essentially the same terms and conditions as ExxonMobil's existing contract with Northern. Northern and WTG also state that they have offered long-term, rate neutral terms to OFS' affiliate, ONEOK, a major shipper, to the Bushton plant, stating that the proposal eliminates any rate stacking issues. While WTG has signed an agreement with OXY USA, Northern's and WTG's negotiations with other firm shippers have failed to produce agreements, as discussed below.

34. Northern's August 18, 2006 data response lists 17 firm transportation service contracts with primary receipt and delivery points on the West Hugoton system as of August 2006. One of the contracts listed has expired (484 dth per day), five of the contracts have been realigned to other points on Northern's system that are not on the West Hugoton system (totaling 23,512 dth per day), and Northern and WTG have reached agreement with Oxy USA on two contracts (totaling 56,466 dth per day).

35. Northern indicates that negotiations are ongoing with other firm shippers, as follows.[20] ExxonMobil has two contracts expiring in 2015 that total 91,000 dth per day. ONEOK has a contract for service on a month to month basis for 43,000 dth per day of receipt point capacity rights. Aquila has a firm contract with 8,248 dth per day of receipt point capacity and 11, 000 dth per day of delivery point capacity expiring October 31, 2007.[21] Seminole Energy Services, L.L.C. has three contracts totaling 825 dth per day

[20] Northern's August 18, 2006 data response.

[21] Northern's August 18, 2006 data response shows that one of the two ONEOK contracts is a capacity release contract from Aquila that will be resolved as part of the Aquila negotiations.

of receipt point capacity and 787 dth per day of delivery point capacity expiring June 30, 2007. Finally, DEFS has a contract with an expiration date related to the proposed sale of certain other facilities[22] for delivery point rights of 74,750 dth per day on the West Hugoton system.

36. Northern states that it is working with DEFS to provide a revised transportation contract with alternative deliveries for its 74,750 dth per day of capacity. Northern also states that the Seminole contracts will either be realigned or served by WTG, with the same terms and conditions as with Northern, and that negotiations are ongoing with Aquila. Both Aquila and Seminole would maintain the contractual ability to flow gas to delivery points on both WTG and Northern after the sale.[23]

37. Finally, as discussed above, Northern and WTG state that they have offered both ExxonMobil and ONEOK long-term, rate neutral service agreements that preclude rate stacking. Northern accuses ONEOK of attempting to delay the proceeding and discourage competition for processing in the Hugoton area by protesting the sale to WTG rather than accepting a reasonable offer for transportation service.[24] OFS states that any delay in the proceeding will not prevent alternative processing arrangements as any shipper on Northern's system retains the right to enter into a processing agreement with any processing plant.[25] With regard to ExxonMobil, Northern states that, in order for the sale of the facilities to close, ExxonMobil must have agreements to continue its long-term service at rates and terms comparable to those it enjoys with Northern.[26] However, to date, it has provided no evidence that such an agreement has been reached.

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[22] The expiration date of DEFS' contract is given as the earlier of 60 days following close of the Beaver Asset sale or 12 months following termination of the Beaver Asset preliminary sales agreement. Northern, in its July 14, 2006, data response No. 8, states that the DEFS agreement is active but has not been used for receipt or delivery of gas at points on the West Hugoton facilities. A Commission order was issued on September 8, 2006, denying Northern's request to abandon by sale to DEFS certain facilities known as the Beaver Wet System and located in Texas, Oklahoma, and Kansas. *See*, 116 FERC ¶ 61,238 (2006).

[23] Northern's July 14, 2006 data response No. 8.

[24] Northern's September 15, 2006 Answer at 8.

[25] OFS' September 20, 2006 Answer at 2.

[26] Northern's May 30, 2006 Answer at 4.

C. **Processing Options**

38. Both Northern and WTG claim that WTG would be able to provide shippers with new processing options (thus, fostering competition) that Northern cannot. This position is weakened by the fact that Northern is currently in the process of constructing a connection to the Jayhawk plant at the request of its customer OXY USA. Thus, we find that the applicants have not made a clear showing that competitive benefits would necessarily occur from granting the proposed abandonment.

Conclusion

39. We find that the proposal lacks evidence of benefits sufficient to outweigh potential detrimental impacts. No harm will come from denial of abandonment, potential adverse consequences are significant, and potential rate benefits to Northern's customers are speculative. The facilities are transmission facilities and will continue to provide service in interstate commerce. In addition, the West Hugoton facilities remain well used and useful, transporting large volumes of gas, and Northern does not claim economic hardship in continuing to own and operate the facilities.[27] Therefore, we find that the evidence does not support a finding that the public convenience and necessity permits the abandonment of service by Northern on its West Hugoton system. Accordingly, we will deny Northern's request for authority to abandon the facilities. Since we are denying the request for abandonment authority for the West Hugoton facilities, we will dismiss as moot WTG’s requests for certificate authority with respect to those facilities.

The Commission orders:

(A) The request by Northern for abandonment authority is denied.

(B) The request by WTG for certificate authority is dismissed.

(C) The protests are granted.

(D) The request for a technical conference is dismissed.

(E) The requests for consolidation are denied.

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[27] The average utilization rate was about 70 percent in 2005, with average throughput of approximately 220,000 dth per day. *See* WTG’s Application, Exhibit I, Schedule 2084 and WTG’s July 14, 2006 data response No. 6.

(F) The motion for late intervention is granted.

(G) The answers to protests and answers are accepted.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.