

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 27, 2007

In Reply Refer To:
Colorado Interstate Gas Company
Docket No. RP07-472-000

Colorado Interstate Gas Company
Attn: Rex Adams, Director, Rates
P.O. Box 1087
Colorado Springs, CO 80903

Reference: Revised Lost and Unaccounted-for and Other Fuel Gas Reimbursement
Percentage

Dear Mr. Adams:

1. On May 31, 2007, Colorado Interstate Gas Company (CIG) filed a revised tariff sheet¹ to reflect the quarterly adjustment to its lost and unaccounted-for (L&U) and other fuel gas reimbursement percentage. The Commission accepts and suspends the revised tariff sheet, and allows it to become effective July 1, 2007, subject to refund and to the outcome of the proceeding in Docket No. RP07-320-000, as discussed below.
2. CIG states that the revised tariff sheet reflects a 0.02 percent increase in the reimbursement percentage for L&U and other fuel gas from 0.06 percent to 0.08 percent. CIG also states that the quarterly L&U and other fuel gas quantity has increased by 176,547 Dth due to increased net L&U and other fuel gas quantities for the quarter ending March 2007 versus the quarter ending March 2006, slightly increased electric commodity expenses for the quarter ending March 2007 versus the same quarter in 2006, the inclusion of prior period adjustments in the amount of a negative \$140,906, and an improvement in processing economics driven by a greater decrease in liquids prices than the decrease in quarterly natural gas spot prices for the quarter ending March 2007 plus the inclusion of processing fee revenue less expenses.

¹ Forty-Sixth Revised Sheet No. 11A of CIG's FERC Gas Tariff, First Revised Volume No. 1.

3. In addition, CIG states that, due to an administrative oversight, \$648,837 of revenues reported in section D of CIG's last quarterly filing in RP07-320-000 were inadvertently excluded from the L&U and other fuel gas reimbursement calculation detailed in section A of that filing. CIG has included these amounts in the instant filing. CIG also states that on March 12, 2007, it remitted to shippers by invoice credit the outstanding monetized value of deferrals totaling \$1,516,200 related to 381,770 Dth excluded from the L&U and other fuel gas calculation in Docket No. RP07-95-000.

4. Additionally, CIG states that on October 22, 2006, it discovered a down-hole failure of casing equipment on the Fort Morgan storage injection/withdrawal well number 26 and that this failure resulted in gas lost to the atmosphere. CIG states that the currently estimated quantity of 451,010 Dth associated with this incident was included in CIG's last quarterly L&U and other fuel gas filing in Docket No. RP07-320-000. In that proceeding, the Commission accepted and suspended the tariff sheet effective April 1, 2007, subject to the outcome of a technical conference which was held on May 8, 2007.² CIG states that the outcome of the technical conference is still pending and that, in this filing, it continues to include twelve months of data from the Fort Morgan gas loss reported in Docket No. RP07-320-000.

5. Notice of CIG's filing was issued on June 5, 2007. Interventions and protests were due as provided in section 154.210 of the Commission's regulations, 18 C.F.R. § 358.210. Pursuant to Rule 214, 18 C.F.R. § 385.214 (2006), all timely-filed motions to intervene and any motions to intervene out-of-time 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. On June 12, 2007, Indicated Shippers³ filed comments.

6. Indicated Shippers states that they are challenging CIG's right to recover the gas lost at the Fort Morgan storage well in Docket No. RP07-320-000. They state that where an issue raised by a filing is already being addressed by the Commission in an existing proceeding, the Commission has allowed the pipeline filing to take effect, subject to refund, but conditioned on the outcome of the existing proceeding. Indicated Shippers state that if the Commission accepts the L&U and other fuel gas rate proposed in the instant proceeding, it should suspend the L&U and other fuel gas rate, allow it to go into effect subject to refund and to the outcome of the proceeding in Docket No. RP07-320-000.

² See *Colorado Interstate Gas Co.*, 118 FERC ¶ 61,265 (2007).

³ The Indicated Shippers are BP Energy Company, BP America Production Company, Chevron Natural Gas, a division of Chevron U.S.A. Inc., and Marathon Oil Corporation.

7. The Commission finds CIG has calculated the subject quarterly adjustment pursuant to its tariff; however, because CIG continues to include as a data input to that adjustment the 451,010 Dth of gas loss attributable to the Fort Morgan casing equipment failure, and because the issue of whether or not CIG may reflect that loss in its L&U and other fuel gas reimbursement percentage is still pending in Docket No. RP07-320-000, we will conditionally accept the revised tariff sheet and suspend its effectiveness for a minimal period to be effective July 1, 2007, subject to refund and to the outcome of the proceedings in Docket No. RP07-320-000.

8. The Commission's policy regarding tariff filing suspensions is that such 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 in circumstances where suspension for the maximum period may lead to harsh and inequitable results. *See, Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (minimum suspension). The Commission finds that circumstances exist here where CIG is filing a quarterly update pursuant to an approved gas tracker mechanism. Therefore, the Commission will accept and suspend the proposed tariff sheet to be effective July 1, 2007, subject to refund and to the outcome of the proceedings in Docket No. RP07-320-000.

By direction of the Commission.

Kimberly D. Bose,
Secretary.