

129 FERC ¶ 61,189
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

November 30, 2009

In Reply Refer To:
Colorado Interstate Gas Company
Docket No. RP09-1031-000

Colorado Interstate Gas Company
PO Box 1087
Colorado Springs, CO 80944

Attention: Rex D. Adams, Director, Rates

Reference: Operational Purchases and Sales Report

Dear Mr. Adams:

1. On September 2, 2009, Colorado Interstate Gas Company (CIG) filed workpapers to fulfill its annual reporting requirement for operational purchases and sales of gas. The Commission accepts CIG's informational filing.
2. CIG submits its Operational Purchases and Sales Report (Report) in compliance with Article 37.3 of the General Terms and Conditions (GT&C) of its tariff, which requires CIG to file a report in conjunction with its annual fuel gas and lost, unaccounted-for, and other fuel gas (LUF) filing. The Report provides information on CIG's operational purchases and sales activities for the 12-month period ending June 30, 2009 and is filed concurrently with CIG's annual fuel and LUF true-up filing (Fuel Filing).¹ The Report indicates that CIG made operational purchases and sales to support system balancing, and that the difference in value between CIG's operational purchases and its operational sales was \$23,857,492.

¹ See Colorado Interstate Gas Co., Annual Fuel and LUF True-Up Filing Docket No. RP09-1001-000.

3. Notice of CIG's filing issued on September 10, 2009. Interventions and protests were due as provided in section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210 (2009). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2009), 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 September 14, 2009, Nexen Marketing U.S.A. Inc. (Nexen)² filed comments in which it raised a number of concerns about CIG's Report.

4. Nexen states that CIG's report lacks a narrative explanation for its workpapers and that it does not contain enough information to fully evaluate the filing. Nexen also notes that CIG's report reveals that CIG made nearly \$24 million for the year ending June 30, 2009 from "operational" activities and questions whether these activities are incidental operational events or calculated to generate extra-tariff revenues. Nexen also states that CIG does not explain its methodology for categorizing transactions and questions how CIG would determine whether a sale of linepack volumes is an operational sale, a sale of over-collected fuel, a linepack sale, or an "Other Gas Cost Adjustment." Lastly, Nexen questions the accuracy of the value that CIG ascribed to a 3.19 million Dth over-collection of net fuel and LUF during the reporting period.³

5. On October 1, 2009, CIG filed an answer in response to Nexen's comments. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 213(a)(2)(2009), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept CIG's answer because it has provided information that assisted us in our decision-making process.

6. CIG claims that the Report contains all data necessary for a reasonable analysis. CIG states the Report was filed in conjunction with its Fuel Filing, which further describes operational purchases and sales for fuel use. Also, CIG states that it filed detailed information on gas balance activities in Docket Nos. RP08-600-000 and RP08-484-000, in which Nexen was an active participant. CIG asserts that Nexen's concern as to the uncertain categorization of linepack sales is immaterial. CIG states that its operational purchase and sale activities are the result of numerous factors that cannot be easily segregated or attributed, and which must be considered as an integrated whole. According to CIG, the Commission's recent removal of CIG's monetized cost and

² Nexen is a gas marketing company engaged in purchasing, aggregating and reselling gas. Nexen is a firm shipper on the CIG pipeline system.

³ Nexen cites Appendix A of CIG's filing (Schedule 1, Page 1, Line 4), which reflects an over-collection of 3,194,606 Dth net fuel and LUF with an associated value of \$5,035,124.

revenue true-up mechanism⁴ allows CIG to retain the over-recovery rather than offset it against the 2008 under-recovery and it is disingenuous for Nexen to complain about the consequences after arguing for the mechanism's removal.

7. Finally, CIG rebuts Nexen's claim that CIG wrongly calculated the value of the net fuel and LUF during the reporting period, arguing that Nexen misinterprets the relevant section of the Report. CIG explains that the net fuel and LUF over-collection is well documented in the Fuel Filing and is the result of several factors: increased system efficiencies, a net gain in the overall system LUF, and the retention of quantities associated with the cost and revenue true-up mechanism during the reporting period. CIG states that the value associated with this over-collection is the result of current-period activity as well as the revaluation of the beginning balance and the current period activity. According to CIG, the value imputed by Nexen from CIG's data only represents the monthly valuation using system cash-out prices of the over- and under-recovery of fuel and other imbalances each month. However, CIG explains that the actual cash value of the imbalance activity (calculated in Schedule 6 of the Report) is not calculated in this manner, and instead is determined in conjunction with other cash activities.

8. The Commission finds that CIG's informational filing conforms to the requirements of section 37.3 of its tariff. The workpapers submitted in the instant filing show in sufficient detail the derivation of the operational purchases and sales for the 12-month period ending June 30, 2009. To the extent that Nexen has concerns relating to CIG's recovery of fuel-related costs, they are more appropriately raised in the context of CIG's annual fuel filing, rather than in the context of the informational filing here. Accordingly, we accept CIG's informational filing as in satisfactory compliance with the requirements of section 37.3 of its tariff.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁴ See *Colorado Interstate Gas Co.*, 128 FERC ¶ 61,117 (2009).