

**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

Transwestern Pipeline Company, LLC § Docket No. RP06-____-000

**PREPARED DIRECT TESTIMONY
OF
BLAIR V. LICHTENWALTER**

1 **Q. Please state your name and business address.**

2 A. Blair V. Lichtenwalter, 5444 Westheimer Road, Houston, Texas 77056-5306.

3 **Q. By whom are you employed and in what capacity?**

4 A. I am Rates Project Manager for the Panhandle Energy pipeline group of companies. In
5 this capacity, I work for Transwestern Pipeline Company, LLC (“Transwestern”), an
6 operating unit of CrossCountry Energy.

7 **Q. Please describe briefly your educational background and experience.**

8 A. I hold a Bachelor of Science degree from the University of Texas at Austin in
9 Petroleum Engineering and a Master of Business Administration from the University of
10 Tulsa. I began my career in the natural gas industry as a reservoir engineer for
11 Northern Natural Gas Company in 1982. In 1988, I joined the Interstate Pipeline
12 Group as a Senior Rate Analyst in the Regulatory Analysis Group. I was assigned to
13 Florida Gas Transmission Company, LLC (“FGT”) in 1990, and was promoted to
14 Manager of Rates & Tariffs for FGT and Transwestern in 2003. I assumed my present
15 position in 2005.

1 **Q. What are your present duties?**

2 A. My present duties include preparing, or supervising the preparation of, transportation
3 and rate design data related to general rate filings, presentations as required by
4 management, and participation in other regulatory proceedings as required by
5 management.

6 **Q. Have you previously testified or presented testimony before the Federal Energy
7 Regulatory Commission?**

8 A. Yes. I sponsored direct testimony in FGT rate proceedings in Docket Nos. RP95-103,
9 RP96-366 and RP04-12, and Black Marlin Pipeline Company in Docket No. RP98-
10 274.

11 **Q. Would you please describe your responsibilities in this case?**

12 A. I am responsible for the following exhibits and schedules which support my testimony
13 and have been prepared by me or under my supervision.

14	<u>Exhibit No.</u>	<u>Reference</u>	<u>Description</u>
15 16	TW-47	Statement G	Summary of Revenues, Credits, and Billing Determinants
17	TW-48	Schedule G-1	Base Period Revenues by Rate Schedule
18	TW-49	Schedule G-2	Test Year Revenues by Rate Schedule
19	TW-50	Schedule G-4	At-Risk Revenues
20	TW-51	Schedule G-5	Other Revenues
21	TW-52	Schedule G-6	Miscellaneous Revenues
22	TW-53	Schedule I-5	Gas Balance

1 **Q. Please explain Exhibit No. TW-47.**

2 A. Exhibit No. TW-47 is comprised of Statement G, Pages 1 through 5 and shows the
3 actual revenues and billing determinants for the Base Period and projected revenues
4 and billing determinants for the Test Period.

5 **Q. Please discuss Page 1 of Exhibit No. TW-47.**

6 A. Page 1 of Exhibit No. TW-47 is a summary of billing determinants and revenues for the
7 Base Period. The billing determinants are unadjusted for discounting. The revenues
8 have been separated into operating revenues for reservation and usage, and revenues
9 from surcharges. Revenues from contracts of less than one year are shown separately.

10 **Q. Please explain Page 2 of Exhibit No. TW-47.**

11 A. Page 2 of Exhibit No. TW-47 provides the same information as Page 1, but for released
12 capacity.

13 **Q. Please explain Page 3 of Exhibit No. TW-47.**

14 A. Page 3 of Exhibit No. TW-47 provides for the Test Period the same information as
15 provided on Page 1.

16 **Q. Please explain Page 4 of Exhibit No. TW-47.**

17 A. Page 4 of Exhibit No. TW-47 provides for the Test Period the same information for
18 released capacity as provided on Page 2.

19 **Q. Please explain Page 5 of Exhibit No. TW-47.**

20 A. Page 5 of Exhibit No. TW-47 summarizes operating revenues other than those
21 associated with gas transportation.

1 **Q. Please discuss Exhibit No. TW-48.**

2 A. Exhibit No. TW-48 is comprised of Schedules G-1(a) through G-1(h). Schedules G-
3 1(a) through G-1(g) show Base Period revenues and billing determinants by month, by
4 customer name, by rate schedule, by rate component, and by receipt and delivery zone.
5 Billing determinants are unadjusted for discounting, and revenues are separated into
6 operating revenues and surcharges. Contracts with a primary term of less than one
7 year, contracts with affiliates, and negotiated rate agreements are identified. Contracts
8 with capacity release transactions are also identified. Schedule G-1(h) shows Base
9 Period revenues by month for operational sales and for sales associated with
10 Transwestern's Rate Schedule FTS-2 customers.

11 **Q. Please explain Exhibit No. TW-49.**

12 A. Exhibit No. TW-49 is comprised of Schedules G-2(a) through G-2(g) and provides for
13 the Test Period the same information Schedules G-1(a) through G-1(g) provide for the
14 Base Period. The Test Period reservation and usage quantities are supported by the
15 testimony of Transwestern witness Ms. Corman.

16 **Q. Please explain Exhibit No. TW-50.**

17 A. Exhibit No. TW-50 shows that Transwestern did not have revenues where there is a
18 separate cost of service associated with "at-risk" facilities.

19 **Q. Please discuss Exhibit No. TW-51.**

20 A. Exhibit No. TW-51 shows the revenues booked to FERC Account Nos. 490-495 for the
21 Base and Test Periods. For these accounts, Transwestern's Base and Test Periods
22 include activity for Account No. 492, Incidental Gasoline & Oil Sales, and Account

1 No. 493, Rent from Gas Property. The As Adjusted amount of \$62,228, as shown on
2 Line 15 of Exhibit No. TW-51, is credited to Transwestern's overall Cost of Service as
3 shown on Exhibit No. TW-17, which is included in the testimony of Transwestern's
4 witness Mr. Biediger.

5 **Q. Please describe the revenues included in Account No. 492, Incidental Gasoline &**
6 **Oil Sales.**

7 A. These revenues reflect the small amount of condensate that is recovered and sold
8 during the course of operating the pipeline system. As shown on Line 13, during the
9 Base Period, Transwestern recorded \$1,261,344 related to the sale of condensate. Of
10 this amount, \$1,229,116 is related to Transwestern's East of Canadian River Facilities,
11 which were abandoned by sale on July 1, 2006 under Docket No. CP05-59-000. The
12 As Adjusted amount of \$32,228 reflects the elimination of condensate revenues
13 associated with the East of Canadian River Facilities.

14 **Q. Please describe the revenues included in Account No. 493, Rent From Gas**
15 **Property.**

16 A. These revenues reflect \$90,000 in lease fees provided by Electric Motor Lease
17 Agreements associated with compressor motor facilities at Transwestern's Bloomfield,
18 Bisti and Gallup Compressor Stations. The Electric Motor Lease Agreements
19 associated with the compressor motor facilities at the Bloomfield and Bisti Compressor
20 Stations expire October 31, 2006 and the As Adjusted amount of \$30,000, shown on
21 Line 15, reflects the elimination of these lease revenues.

1 **Q. Please explain Exhibit No. TW-52.**

2 A. Exhibit No. TW-52 shows Transwestern had no revenues associated with penalties,
3 cashouts and other imbalance adjustments, and exit fees in the Base Period or projected
4 for the Test Period.

5 **Q. Please describe Exhibit No. TW-53.**

6 A. Exhibit No. TW-53, Page 1 reflects the Gas Balance for the twelve months ended
7 May 31, 2006, while Page 2 reflects the Gas Balance for the twelve months ended
8 May 31, 2006, as adjusted. The data is in the form required by the FERC Form No. 2,
9 Pages 520 and 521. The gas balance accounts for all volumes of gas that are received
10 and delivered, by month, during the Base and Test Periods.

11 **Q. What are the principle differences between the Base Period and the Test Period**
12 **volumes reflected in Exhibit No. TW-53?**

13 A. Transportation volumes reflect the Test Period projection of throughput on
14 Transwestern's system. The adjustments to the Base Period throughput volumes are
15 provided by Ms. Corman. Base Period compressor station fuel and unaccounted for gas
16 have been adjusted to reflect the Test Period pipeline throughput and reflect the fuel
17 usage percentages that are supported by the testimony and exhibits of Transwestern
18 witness Mr. Langston.

19 **Q. Does this conclude your prepared direct testimony?**

20 A. Yes, it does.

TRANSWESTERN PIPELINE COMPANY, LLC.

Summary of Billing Determinants (MMBtu) and Transportation Revenues
Twelve Months Ended May 31, 2006

Ln No	Gas Transportation Service	Billing Determinants		Transportation Revenues			
		Reservation (a)	Usage (b)	Reservation (c)	Usage (d)	Surcharges (e)	Total (f)
<u>Rate Schedule FTS-1</u>							
1	WOT to CAL	80,273,000	116,697,048	\$ 22,354,444	\$ 2,171,227	\$ 482,175	\$ 25,007,846
2	WOT to EOC	9,838,950	12,663,245	1,686,408	213,419	42,357	1,952,184
3	WOT to EOT	495,819	588,899	79,446	13,191	1,109	93,746
4	SJ to CAL	143,674,130	78,944,590	29,697,747	1,294,699	164,069	31,156,515
5	SJ to EOC	1,332,742	6,829,050	249,062	111,995	12,627	373,684
6	SJ to SJ	341,402,854	307,936,635	30,962,476	343,643	137,037	31,443,156
7	SJ to EOT	34,466,039	32,508,568	5,155,071	266,693	59,665	5,481,429
8	EOT to CAL	139,059,004	19,749,323	33,841,534	446,659	243,654	34,531,847
9	EOT to EOC	2,127,964	2,837,056	303,533	63,549	5,115	372,197
10	EOT to EOT	164,952,864	138,746,656	11,363,232	1,016,042	229,427	12,608,701
11	Total Rate Schedule FTS-1	<u>917,623,366</u>	<u>717,501,070</u>	<u>135,702,953</u>	<u>5,941,117</u>	<u>1,377,235</u>	<u>143,021,305</u>
<u>Rate Schedule FTS-2</u>							
12	SJ to SJ	-	32,454	-	4,309	60	4,369
13	EOT to EOC	-	35,801	-	4,755	66	4,821
14	EOT to EOT	-	17,034	-	1,575	27	1,602
15	Total Rate Schedule FTS-2	<u>-</u>	<u>85,289</u>	<u>-</u>	<u>10,639</u>	<u>153</u>	<u>10,792</u>
<u>Rate Schedule FTS-4</u>							
16	WOT to CAL	-	1,189,281	-	18,194	2,142	20,336
17	WOT to EOC	-	22,000	-	336	40	376
18	WOT to EOT	-	20,306	-	453	38	491
19	SJ to CAL	-	75,578	-	1,232	136	1,368
20	SJ to SJ	-	58,446,170	-	58,444	-	58,444
21	SJ to EOT	136,875,000	56,274,406	34,165,661	456,535	103,277	34,725,473
22	EOT to EOT	-	61,151,648	-	434,186	112,598	546,784
23	Total Rate Schedule FTS-4	<u>136,875,000</u>	<u>177,179,389</u>	<u>34,165,661</u>	<u>969,380</u>	<u>218,231</u>	<u>35,353,272</u>
<u>Rate Schedule ITS-1</u>							
24	WOT to CAL	-	887,958	-	40,836	1,600	42,436
25	WOT to EOC	-	431,786	-	7,813	558	8,371
26	WOT to EOT	-	138,180	-	7,395	250	7,645
27	SJ to CAL	-	1,485,398	-	137,090	2,749	139,839
28	SJ to EOC	-	320,361	-	23,317	603	23,920
29	SJ to SJ	-	9,294,186	-	299,528	12,553	312,081
30	SJ to EOT	-	326,936	-	57,516	576	58,092
31	EOT to CAL	-	541,545	-	41,262	1,010	42,272
32	EOT to EOC	-	98,155	-	4,210	186	4,396
33	EOT to EOT	-	14,428,622	-	1,100,203	25,872	1,126,075
34	Total Rate Schedule ITS-1	<u>-</u>	<u>27,953,127</u>	<u>-</u>	<u>1,719,170</u>	<u>45,957</u>	<u>1,765,127</u>
<u>Rate Schedule PNR</u>							
35	EOT to CAL	-	140,153	-	62,742	-	62,742
36	EOT to EOT	-	1,915	-	728	-	728
37	Total Rate Schedule PNR	<u>-</u>	<u>142,068</u>	<u>-</u>	<u>63,470</u>	<u>-</u>	<u>63,470</u>
38	Total	<u>1,054,498,366</u>	<u>922,860,943</u>	<u>\$ 169,868,614</u>	<u>\$ 8,703,776</u>	<u>\$ 1,641,576</u>	<u>\$ 180,213,966</u>

TRANSWESTERN PIPELINE COMPANY, LLC.

Summary of Billing Determinants (MMBtu) and Capacity Release Revenues
Twelve Months Ended May 31, 2006

Ln No	Gas Transportation Service	Billing Determinants		Reservation (c)	Capacity Release Revenues		Total (f)
		Reservation (a)	Usage (b)		Usage (d)	Surcharges (e)	
	Rate Schedule FTS-1						
1	WOT to CAL	39,349,390	9,179,344	\$ 2,359,910	\$ 161,001	\$ 126,708	\$ 2,647,619
2	WOT to EOC	80,000	4,201,597	(56)	73,709	7,768	81,421
3	SJ to EOC	1,274,000	-	16,503	-	-	16,503
4	SJ to SJ	42,469,529	33,261,505	2,941,468	36,583	1,976	2,980,027
5	EOT to CAL	18,595,443	39,046	905,543	1,008	28,556	935,107
6	Total Rate Schedule FTS-1	<u>101,768,362</u>	<u>46,681,492</u>	<u>6,223,368</u>	<u>272,301</u>	<u>165,008</u>	<u>6,660,677</u>
	Rate Schedule FTS-4						
7	SJ to EOT	9,267,500	6,674,270	2,426,147	54,060	12,302	2,492,509
8	Total Rate Schedule FTS-4	<u>9,267,500</u>	<u>6,674,270</u>	<u>2,426,147</u>	<u>54,060</u>	<u>12,302</u>	<u>2,492,509</u>
9	Total	<u>111,035,862</u>	<u>53,355,762</u>	<u>\$ 8,649,515</u>	<u>\$ 326,361</u>	<u>\$ 177,310</u>	<u>\$ 9,153,186</u>

TRANSWESTERN
Pipeline Company, LLC
1100 California Street
Denver, Colorado 80202

TRANSWESTERN PIPELINE COMPANY, LLC.

Summary of Billing Determinants (MMBtu) and Transportation Revenues
Twelve Months Ended May 31, 2006, As Adjusted

Ln No	Gas Transportation Service	Billing Determinants		Transportation Revenues		
		Reservation (a)	Usage (b)	Reservation (c)	Usage (d)	1/ Total (e)
<u>Rate Schedule FTS-1</u>						
1	WOT to CAL	26,292,000	49,031,296	\$ 4,836,201	\$ 436,379	\$ 5,272,580
2	WOT to EOC	-	5,857,565	-	52,132	52,132
3	SJ to CAL	254,281,360	178,514,885	68,405,404	1,981,515	70,386,919
4	SJ to EOC	8,262,500	2,905,321	3,797,794	32,249	3,830,043
5	SJ to SJ	162,214,109	208,546,186	17,132,403	458,805	17,591,208
6	SJ to EOT	43,435,000	38,242,809	9,707,241	535,401	10,242,642
7	EOT to CAL	59,958,000	17,369,237	10,716,364	359,543	11,075,907
8	EOT to EOC	2,114,000	2,761,806	336,759	57,169	393,928
9	EOT to EOT	149,396,880	126,470,211	24,357,638	1,492,348	25,849,986
10	Total Rate Schedule FTS-1	<u>705,953,849</u>	<u>629,699,316</u>	<u>139,289,804</u>	<u>5,405,541</u>	<u>144,695,345</u>
<u>Rate Schedule FTS-2</u>						
11	SJ to SJ	-	32,454	-	11,271	11,271
12	EOT to CAL	-	35,801	-	12,434	12,434
13	EOT to EOT	-	17,034	-	5,916	5,916
14	Total Rate Schedule FTS-2	<u>-</u>	<u>85,289</u>	<u>-</u>	<u>29,621</u>	<u>29,621</u>
<u>Rate Schedule FTS-4</u>						
15	WOT to CAL	-	1,190,521	-	10,596	10,596
16	WOT to EOC	-	22,000	-	196	196
17	SJ to CAL	-	55,952	-	621	621
18	SJ to SJ	-	58,446,170	-	128,582	128,582
19	SJ to EOT	130,320,000	50,636,893	34,143,840	708,917	34,852,757
20	EOT to EOT	-	60,542,791	-	714,555	714,555
21	Total Rate Schedule FTS-4	<u>130,320,000</u>	<u>170,894,327</u>	<u>34,143,840</u>	<u>1,563,467</u>	<u>35,707,307</u>
<u>Rate Schedule ITS-1</u>						
22	WOT to CAL	-	887,958	-	41,518	41,518
23	WOT to EOC	-	431,786	-	84,146	84,146
24	WOT to EOT	-	138,180	-	7,395	7,395
25	SJ to CAL	-	1,485,398	-	168,007	168,007
26	SJ to EOC	-	320,361	-	23,316	23,316
27	SJ to SJ	-	9,294,186	-	364,334	364,334
28	SJ to EOT	-	326,936	-	100,721	100,721
29	EOT to CAL	-	541,545	-	54,479	54,479
30	EOT to EOC	-	98,155	-	4,211	4,211
31	EOT to EOT	-	3,311,479	-	458,964	458,964
32	Total Rate Schedule ITS-1	<u>-</u>	<u>16,835,984</u>	<u>-</u>	<u>1,307,091</u>	<u>1,307,091</u>
<u>Rate Schedule PNR</u>						
33	EOT to CAL	-	140,153	-	83,279	83,279
34	EOT to EOT	-	1,915	-	1,138	1,138
35	Total Rate Schedule PNR	<u>-</u>	<u>142,068</u>	<u>-</u>	<u>84,417</u>	<u>84,417</u>
36	Total	<u>836,273,849</u>	<u>817,656,984</u>	<u>\$ 173,433,644</u>	<u>\$ 8,390,137</u>	<u>\$ 181,823,781</u>

1/ Revenue is exclusive of Surcharges.

TRANSWESTERN PIPELINE COMPANY, LLC.

Summary of Billing Determinants (MMBtu) and Capacity Release Revenues
Twelve Months Ended May 31, 2006, As Adjusted

Ln No	Gas Transportation Service	Billing Determinants		Capacity Release Revenues		
		Reservation (a)	Usage (b)	Reservation (c)	Usage (d)	1/ Total (e)
	Rate Schedule FTS-1					
1	WOT to CAL	-	9,179,344	\$ -	\$ 81,696	\$ 81,696
2	WOT to EOC	-	4,201,597	-	37,395	37,395
3	SJ to SJ	-	33,261,505	-	73,175	73,175
4	EOT to CAL	-	39,046	-	808	808
5	Total Rate Schedule FTS-1	-	46,681,492	-	193,074	193,074
	Rate Schedule FTS-4					
6	SJ to EOT	-	6,674,270	-	93,440	93,440
7	Total Rate Schedule FTS-4	-	6,674,270	-	93,440	93,440
8	Total	-	53,355,762	\$ -	\$ 286,514	\$ 286,514

1/ Usage Revenue is exclusive of Surcharges.

TRANSWESTERN PIPELINE COMPANY, LLC

Summary of Billing Determinants and Other Operating Revenues
Twelve Months Ended May 31, 2006, As Adjusted

Line No.	Description	Per Books (a)	Adjustments (b)	As Adjusted (c)
Operating Revenues Other Than Gas Transportation:				
1	Operational Sales (Acct 481) 1/	\$ 55,180,952	\$ (55,180,952)	\$ -
2	Sales to Small Quantity Shippers (Acct 483) 2/	355,307	40,534	395,841
3	Incidental Oil & Gas Sales (Acct 492) 3/	1,261,344	(1,229,116)	32,228
4	Rent From Gas Property (Acct 493) 3/	90,000	(60,000)	30,000

1/ Amount in Column (a) is per books as shown on Schedule G-1(h) and includes \$40,534 in sales pursuant to Rate Schedule FTS-2. Adjustment in Column (b) reflects impact of proposed fuel retention and lost and unaccounted for percentages on operational sales, plus reclassifies the FTS-2 sales revenues to Account 483.

2/ Amount in Column (a) is per books as shown on Schedule G-1(h). Transwestern makes sales to certain small quantity Rate Schedule FTS-2 shippers. See Rate Schedule FTS-2 and footnote (b) on Sheet No. 5B of Transwestern's FERC Gas Tariff. Transwestern has not included an amount in its Test Period cost of service for Sales to Small Quantity Shippers and anticipates purchasing quantities to make such sales. See Schedule G-2(c) for projected Rate Schedule FTS-2 quantities.

3/ Amounts on Lines 3 and 4 are as shown on Schedule G-5.