

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

July 11, 2003

In Reply Refer To:  
Northern Natural Gas Company  
Docket No. RP98-39-030

Northern Natural Gas Company  
P.O. Box 3330  
Omaha, NE 68103-0330

Attention: Mary K. Miller, Vice President  
Regulatory Affairs and Customer Service

Reference: Kansas Ad Valorem Tax Refund Report

Ladies and Gentlemen:

1. On May 19, 2003, Northern Natural Gas Company (Northern) filed the referenced report to comply with the requirement in the Commission's September 10, 1997 order in Docket Nos. RP97-369-000, et al.,<sup>1</sup> that Northern file an annual report showing the ad valorem tax refunds it has received and any producer that still owes refunds. The refund report is accepted as being in compliance with the Commission's order issued September 10, 1997, establishing a refund procedure for Kansas ad valorem taxes.

2. The report shows no additional refunds have been made by Northern to its jurisdictional customers, since Northern filed its May 2002 refund report. Schedule 5 of the report shows the outstanding refunds due from working interest owners and refunds received by Northern.

3. Public notice of the filing was issued on May 2, 2003, with protests due on or before May 30, 2003. Ensign Operating Company and Ensign Oil & Gas Inc. (Ensign) filed a protest requesting the Commission to reject Northern's refund report until Northern provides an explanation for its claim against Ensign for the refund liability, in which Ensign states the refund liability is Northern Pump.

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<sup>1</sup>Public Service Company of Colorado, et al., 80 FERC ¶ 61,264 (1997).

4. The purpose of Northern's refund report is only to provide information on the status of the recovery and distribution of ad valorem tax refunds. The refund report is not intended to be the vehicle for addressing disputes concerning the amount of refunds attributable to a particular first seller.<sup>2</sup> On May 8, 2003<sup>3</sup> the Commission issued an order setting Ensign's contested refund amounts for hearing. Ensign's claims will be resolved in that proceeding.

By direction of the Commission.

Magalie R. Salas,  
Secretary.

cc: All Parties

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<sup>2</sup> See 98 FERC ¶ 61,190 (2002).

<sup>3</sup> Northern Natural Gas Company, 103 FERC ¶ 61,152 (2003).