

Docket No. RP11-2107-001

Pursuant to Rule 207(a)(5) of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”),¹ Colorado Interstate Gas Company, L.L.C. (“CIG”) hereby petitions the Commission to amend the “Stipulation and Agreement” approved in Docket No. RP11-2107-000 on August 15, 2011 (“Stipulation and Agreement”).² As explained below, the parties have reached an agreement in principle that would resolve all the issues involving CIG’s upcoming filing requirement for a system-wide rate change under section 4 of the Natural Gas Act (“NGA”) to be effective no later than October 1, 2016. The proposed amendments will extend the term of the Stipulation and Agreement by three months to provide the parties additional time to draft and file a pre-filing settlement and provide the Commission with time to review and approve that settlement.

For the reasons discussed below, CIG also proposes to amend paragraphs 3.4 and 3.5 of the Stipulation and Agreement which provide for the crediting revenues from “Qualifying Services” and a “General Revenue Sharing and Surcharge Mechanism” to accommodate the proposed extension. As such, the amendments are just and reasonable and in the public interest.

² *Colorado Interstate Gas Co.*, 136 FERC ¶ 61,103 (2011).

In addition, CIG requests a shortened response time for answering this motion of five (5) business days. As discussed below, this motion has been circulated to the active participants who have indicated that they do not object to the shortened answer period.

I. Background

On May 12, 2011, CIG petitioned for approval of the Stipulation and Agreement filed in Docket Nos. RP11-2107-000 and RP06-397-000. On August 15, 2011, the Commission approved as uncontested the Stipulation and Agreement.³ Under Article VI of the Stipulation and Agreement, the term extends through the earliest of the following: (i) the date new rates become effective pursuant to a new general, system-wide rate change submitted by CIG pursuant to section 4 of the NGA, (ii) the date that rates become effective pursuant to action taken by the Commission under section 5 of the NGA, or (iii) October 1, 2016. Additionally, CIG is required to file a new, system-wide rate case proposing new base rates to be effective no later than October 1, 2016. CIG is permitted to anticipate a five-month suspension period in submitting any new general rate filing under section 4 of the NGA.⁴

On August 4, 2015, CIG convened a settlement conference to discuss the possibility of resolving the issues of its upcoming rate case filing and eliminating the need for such a filing in its entirety. CIG notified interested parties of the conference with a posting on its public electronic bulletin board. Since that time, CIG has been providing information to its customers and engaging in further settlement discussions. At this point, CIG and its customers who are participating in the settlement discussions have reached an agreement in principle and require additional time to prepare and submit a pre-filing settlement document for the Commission's review and approval. Therefore, to provide this additional time, CIG

³ *Id.*

⁴ Stipulation and Agreement at n.7 citing *El Paso Natural Gas Co.*, 114 FERC ¶ 61,305 at P 32-34 (2006).

seeks to change the October 1, 2016 settlement termination date and effective date for a general rate change provided in the Stipulation and Agreement to January 1, 2017.

Additionally, under paragraph 3.4 of the Stipulation and Agreement, revenues from “Qualifying Services” are subject to the specified crediting requirements for each full calendar year through the term of the Stipulation and Agreement. Paragraph 3.5 establishes a General Revenue Sharing and Surcharge Mechanism with requirements for the crediting of certain revenues or for the charging of a surcharge during each full calendar year of the term of the Stipulation and Agreement. CIG and its customers have agreed to certain modifications to the provisions of paragraphs 3.4 and 3.5, given the term extension of the Stipulation and Agreement to the end of the 2016 calendar year. As a result of discussions with the other parties and as part of the agreement in principle, CIG is proposing to amend these two paragraphs in light of the extension as discussed later.

CIG has specifically circulated a draft of this petition to: 1) the entities participating in the August 4th conference, 2) the parties in Docket No. RP11-2107-000, and 3) all entities on which CIG serves its initial filings in Commission proceedings. No entity has indicated opposition to this petition. Thus, CIG anticipates that this petition will be unopposed.

II. Proposed Amendment

CIG and its shippers have an excellent record of resolving general system-wide section 4 rate cases by settlement. As noted earlier, CIG’s last settlement was a pre-filing settlement which eliminated the need to file a general system-wide section 4 rate case. Furthermore, the active parties have already reached a settlement in principle that would again eliminate the need for CIG to file a section 4 rate case under the Stipulation and Agreement. If the pre-filing settlement is drafted, filed and approved on a timeline that

would obviate the need for CIG to file a section 4 rate case, then CIG, its shippers and the Commission would save substantial time, effort and money on the preparation and prosecution of such a case while affording CIG and its customers the ability to negotiate a favorable outcome for the case. Given that the parties have achieved an agreement in principle, CIG believes that the potential benefits that are highly likely to be achieved by providing the necessary additional time warrant the amending of the Stipulation and Agreement. Finally, as also noted earlier, CIG believes that parties will either support or not oppose this petition. Therefore, the amendments of the Stipulation and Agreement to provide the parties more time to draft and file a pre-filing settlement for the Commission's review and approval promote administrative efficiency and are in the public interest.⁵

To provide this additional time, CIG requests that the date "October 1, 2016" be changed to "January 1, 2017" in the first sentence of paragraph 6.1 and in the third sentence in paragraph 6.2 in the Stipulation and Agreement. Specifically, the first sentence of paragraph 6.1 of Article VI would be amended by the additions reflected in redline and the deletions reflected in strikeout as follows:

The term of this S&A shall extend from October 1, 2011, through the earlier of: (a) the date that new rates become effective pursuant to a new general, system-wide rate change applicable to Contesting and Consenting Parties submitted by CIG pursuant to section 4 of the NGA, (b) the date that rates become effective pursuant to action taken by the Commission under section 5 of the NGA, or (c) January 1, 2017~~October 1, 2016~~.

The third sentence of paragraph 6.2 of Article VI would be amended by the additions reflected in redline and the deletions reflected by strikeout as follows:

⁵ See, e.g., *El Paso Natural Gas Co.*, 40 FERC ¶ 61,362 (1987) (proposed amendment to settlement approved as in the "public interest"); *Colorado Interstate Gas Co.*, 114 FERC ¶ 61,173 (2006); *Colorado Interstate Gas Co.*, 115 FERC ¶ 61,039 (2006); *Colorado Interstate Gas Co.*, 115 FERC ¶ 61,304 (2006); *Colorado Interstate Gas Co.*, 116 FERC ¶ 61,126 (2006); *Mojave Pipeline Company, L.L.C.*, 148 FERC ¶ 61,084 (2014); *Mojave Pipeline Co.*, 132 FERC ¶ 61,106 (2010).

If CIG has not filed sooner, it shall be obligated to file a new system-wide rate case proposing new base tariff rates for Consenting and Contesting Parties to be effective no later than January 1, 2017~~October 1, 2016~~.

As noted earlier, CIG and its customers have agreed to modify the provisions of paragraphs 3.4 and 3.5 of the Stipulation and Agreement given the term extension through the end of the 2016 calendar year. As part of the discussions to extend the term of the Stipulation and Agreement, the active parties have discussed and agreed to also amend paragraph 3.4 to provide that CIG will retain revenues from variable cost charges and applicable surcharges and all other revenues received in calendar year 2016 from the Qualifying Services up to and including \$1,700,000 and share revenues 5%/95% in excess of \$1,700,000 with the NNT shipper group. Specifically, CIG requests paragraph 3.4(a)(2) be amended by the additions reflected in redline and deletions reflected by strikeout below:

(2) CIG shall retain all other revenues received from the Qualifying Services up to and including \$1,200,000 during ~~each~~any full calendar year ~~from beginning January 1, 2011 through 2015~~and all revenues from the Qualifying Services during any partial calendar year in which the S&A terminates. CIG shall retain all other revenues received from Qualifying Services up to and including \$1,700,000 during the 2016 calendar year. If CIG receives any such revenues in excess of \$1,200,000 during ~~a~~ calendar year ~~from 2011 through 2015, or receives any such revenues in excess of \$1,700,000 for the 2016 calendar year~~or any subsequent full calendar year through the term of the S&A, then ninety-five percent (95%) of such excess revenues of the applicable amount for that calendar year shall be allocated among its Rate Schedule NNT-1 and NNT-2 shippers who have contracts in effect as of the date of the crediting, proportional based on the total revenues received from each such firm NNT shipper in proportion to the total revenues received from all such firm NNT shippers as a group. In April following such calendar year, CIG shall pay the amount allocated to any such shipper by either wire transfer or check. If the S&A becomes effective in accordance with Article VII after April of a year in which revenues are allocated under this provision, CIG shall pay the allocated amounts within sixty (60) days after the S&A becomes effective. CIG shall also retain five percent (5%) of such revenues from Qualifying Services exceeding \$1,200,000 for each calendar year from 2011 through 2015 or exceeding \$1,700,000 for the 2016~~for a full~~ calendar year.

Given the term extension, the active parties have also agreed to amend paragraph 3.5 of the Stipulation and Agreement to clarify that the General Revenue Sharing and Surcharge Mechanism will *not* apply to the calendar year of 2016. Specifically, CIG requests that the second sentence paragraph 3.5(a) be amended by adding the language in redline:

No revenue crediting or surcharging will be applicable for calendar years 2011 or 2016.

Additionally, paragraph 3.4 and 3.5 of the Stipulation and Agreement have been incorporated in section 23 of the General Terms and Conditions (“GT&C”) of the Second Revised Volume No. 1 of CIG’s FERC Gas Tariff. As such, CIG is submitting concurrently with this petition a filing to amend section 23 of CIG’s GT&C to implement the same changes in the tariff as reflected above in the Stipulation and Agreement (“Tariff Filing”). No changes other than those discussed specifically in this petition are intended or implied.

III. Motion to Consolidate and Request for Shortened Response Period

Because this petition is directly and inextricably related to the aforementioned Tariff Filing, and in the interests of administrative economy and efficiency, CIG respectfully moves the Commission to consolidate the instant proceeding with the Tariff Filing to ensure a just and consistent outcome.

In order to continue to defer preparation of its rate filing and, instead focus on drafting and finalizing the aforementioned pre-filing settlement, CIG will need a ruling on its petition as early as reasonably practicable, but in no event later than [Insert 30 days after filing], 2016. CIG reserves the unilateral right to withdraw the petition if it is not acted upon by that date. To expedite consideration of this petition, CIG also requests a shortened response period of no more than five (5) business days. Such a shortened response time is warranted in light of the extensive circulation of the Petition prior to its filing. Parties have

had sufficient notice of the filing and time to prepare any response to this limited request. As such, good cause exists to shorten the response period to no more than five (5) business days.⁶

IV. Conclusion

Wherefore, CIG respectfully requests that the Commission approve this petition to amend the Stipulation and Agreement as described above no later than [Insert 30 days after filing], 2016, to allow time for the parties to draft and file a pre-filing settlement and for the Commission to review and approve the settlement before CIG's next rate case is required to be filed.

Respectfully submitted,

COLORADO INTERSTATE GAS
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⁶ See *Colorado Interstate Gas Co.*, 134 FERC ¶ 61,125 at P 7 (2011).

Certificate of Service

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2015), I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Colorado Springs, CO, this day of , 2016.

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