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These individuals are designated for service in accordance with Rules 203 and 2010 of the Commission's rules of Practice and Procedure, 18 C.F.R. §§ 385.203, .2010 (2015). CIG respectfully requests a waiver of Rule 203(b)(3), 18 C.F.R. § 385.203 (2015), to permit the four persons designated above to be included on the official service list in this proceeding.

II. Background

On May 12, 2011, CIG petitioned for approval of a Stipulation and Agreement filed in Docket Nos. RP11-2107-000 and RP06-397-000 ("2011 Settlement"). On August 15, 2011, the Commission approved the 2011 Settlement as uncontested.¹ Under Article VI of the 2011 Settlement, the term extends through the earlier of the date new rates become effective pursuant to a new general, system-wide rate change submitted by CIG pursuant to section 4 of the Natural Gas Act ("NGA"), the date that rates become effective pursuant to action taken by the Commission under section 5 of the NGA, or October 1, 2016.

¹ *Colorado Interstate Gas Co.*, 136 FERC ¶ 61,103 (2011).

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.²

On August 4, 2015, CIG convened a settlement conference to discuss the possibility of resolving the issues of its upcoming rate case filing and eliminate the need for such a filing in its entirety. CIG posted a notice on its public electronic bulletin board inviting all interested parties to the conference and also sent an e-mail with that information to all entities on which CIG serves its initial filings in Commission proceedings. Over the past eight months, CIG provided information to its customers and engaged in further settlement discussions. In early March 2016, CIG and its participating shippers reached an agreement in principle. To allow for additional time to prepare and submit a pre-filing settlement document for the Commission's review and approval, CIG filed a petition on March 24, 2016 to amend the 2011 Settlement.³ Specifically, CIG asked to amend the date for a general rate change provided in the 2011 Settlement from October 1, 2016 to January 1, 2017. On April 22, 2016, the Commission granted CIG's request.⁴

The subject S&A is the product of many discussions and multiple compromises by the parties. Approval of the S&A and this accompanying Petition would obviate the need

² 2011 Settlement at n.7 citing *El Paso Natural Gas Co.*, 114 FERC ¶ 61,305 at P 32-34 (2006).

³ Petition of Colorado Interstate Gas Company, L.L.C. to Amend Stipulation and Agreement, Motion to Consolidate, and Request to Shorten the Response Period, Docket No. RP11-2017-001 (Mar. 24, 2016) ("Petition to Amend"). Given the extension, CIG and its customers also agreed to modify the provisions in the 2011 Settlement related to the crediting of certain revenues from Qualifying Services as well as to amend the General Revenue Sharing and Surcharge Mechanism. Because these provisions had also been incorporated into Section 23 of the General Terms and Conditions of the Second Revised Volume No. 1 of CIG's FERC Gas Tariff, CIG filed concurrently with the March 24, 2016 petition to revise its tariff records consistent with the proposed changes to the 2011 Settlement. Colorado Interstate Gas Company, L.L.C.'s Revenue Sharing Mechanism Update Filing, Docket No. RP11-2017-002 (Mar. 24, 2016). The Commission approved the changes to the tariff records. *Colorado Interstate Gas Co.*, 155 FERC ¶ 61,083 (2016).

⁴ *Colorado Interstate Gas Co.*, 155 FERC ¶ 61,083 (2016).

to file a new rate case to be effective by January 1, 2017 for Consenting Parties (as defined in Article VII of the S&A). Thus, Consenting Parties will enjoy rate certainty and avoid the expense of a formal proceeding before the Commission. As described below, the S&A establishes rates and settlement terms to be effective on January 1, 2017 through its term.

III. Petition for Approval of the S&A

The Commission has long favored consensual resolutions to issues among the parties.⁵ As a result, the Commission will also consider and approve settlement of issues prior to a formal proceeding being initiated at the Commission. In such cases, the Commission specifically has recognized the benefits of certainty and of avoiding costly and time consuming litigation.⁶

As discussed earlier, CIG currently is obligated to file to establish new system-wide base rates to be effective no later than January 1, 2017. CIG and the parties engaged in negotiations to determine if the issues could be resolved without the need for formal proceedings. As a result, all parties have agreed to the S&A as a way of resolving the issues.

The S&A establishes base rates for CIG and its settling shippers during its term and provides for reduced rates beginning January 1, 2017.⁷ Additionally, the S&A sets forth the depreciation rates to be used by CIG. A revenue crediting mechanism has been

⁵ See, e.g., *Mid-America Pipeline Co.*, 111 FERC ¶ 61,128, at P28 (2005); *Southern Union Gas Co. v. FERC*, 840 F.2d 964, 971 (D.C. Cir. 1988) (Court recognized the breadth of the Commission's discretion with respect to settlements and the broad public interest in favoring settlements).

⁶ See, e.g., *Dominion Transmission, Inc.*, 111 FERC ¶ 61,285 (2005); *East Tennessee Natural Gas, LLC*, 113 FERC ¶ 61,099 (2005); *Guardian Pipeline, L.L.C.*, 114 FERC ¶ 61,112 (2006); *Trailblazer Pipeline Co., LLC*, 131 FERC ¶ 61,096 (2010); *Tennessee Gas Pipeline Co., L.L.C.*, 152 FERC ¶ 61,009 (2015).

⁷ Appendix B of the S&A contains the *pro forma* tariff records that the S&A would modify. These redlined tariff records include the rates that would be modified pursuant to the S&A. Note that tariff sections that are unaffected by the S&A remain unchanged and are not being provided.

modified to continue crediting certain revenues associated with specified services. The S&A establishes a moratorium on section 4 filings and section 5 complaints. Finally, if a section 4 general rate filing has not been filed after the expiration of the moratorium, the S&A requires CIG to file a section 4 general rate filing with rates to be effective no later than April 1, 2022. Similar to other settlements the Commission has approved, the S&A would provide substantial benefits including rate certainty and a reduction or avoidance of costly and time consuming litigation.⁸

CIG has circulated drafts of this Petition and the S&A to: 1) all participants in the settlement discussion, 2) the parties in Docket No. RP11-2107-000, and 3) all entities on which CIG serves its initial filings in Commission proceedings and believes its shippers will either support or not oppose the S&A. Appendix A to the S&A lists parties that either support or do not oppose this Petition and the S&A. To the extent a party unexpectedly opposes the terms of the S&A and the Commission does not approve the settlement for that party, they will be severed per the terms of the S&A. Such a severed shipper would retain its rights to litigate its rates with CIG and remain subject to the outcome of such litigation. This approach will allow the Commission to approve the S&A without modification for the parties that support it as uncontested based on the finding that it “appears to be fair and reasonable and in the public interest.”⁹

Accordingly, CIG is filing this Petition and its accompanying S&A for the Commission’s prompt approval.¹⁰ To allow the parties all of the benefits for which they

⁸ See *infra* note 6.

⁹ See *Discovery Gas Transmission LLC*, 122 FERC ¶ 61,099 at P 26-28 (2008).

¹⁰ To assist the Commission, CIG has prepared and attached a draft notice of this Petition and a draft letter order approving the Petition and the accompanying S&A. The draft order contemplates an uncontested settlement.

bargained including the avoidance of the preparation of a system-wide section 4 rate filing, CIG respectfully requests that the Commission approve this Petition and its associated S&A on or before August 1, 2016 or as near to that date as possible.

IV. Conclusion

Wherefore, CIG respectfully requests that the Commission promptly grant this Petition for the approval of the S&A including its associated *pro forma* tariff records as being fair and reasonable and in the public interest.

Respectfully submitted,

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