

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

March 22, 2006

In Reply Refer To:  
Northern Natural Gas Company  
Docket No. RP06-218-000

Northern Natural Gas Company  
1111 South 103rd Street  
Omaha, NE 68124

Attention: Dari R. Dornan – Senior Counsel

Reference: Waiver of Tariff Provisions

Ladies and Gentlemen:

1. On February 9, 2006, Northern Natural Gas Company (Northern) filed a petition for a limited waiver of Northern's FERC Gas Tariff provisions in order to allow Northern to resolve a prior-period imbalance trading error by retroactively adjusting imbalance levels for BP Canada Energy Marketing Corp. (BP) and Swift and Company (Swift) to reflect an imbalance trade agreed upon by the parties, but improperly communicated to Northern.
2. Northern's General Terms and Conditions state that all shippers have until the close of the 17<sup>th</sup> business day of the month following the month the imbalance occurred to complete any desired volumetric imbalance trading. In addition, the tariff further specifies that the shippers must notify Northern at or prior to the close of the 17<sup>th</sup> business day via fax or e-mail of the volumes traded and the identity of the trading partner(s). Once Northern receives the request, the trade form is signed and a confirming copy faxed back to each trading party.
3. BP's activity for November 2005, created a negative monthly imbalance of 6,324Dth. To resolve this imbalance, BP arranged to trade the negative imbalance to Swift for a like positive imbalance. BP and Swift agreed to trade imbalances on December 14, 2005, and documented the trade by completing and executing a "Request for Imbalance Trade" form. The trading partners circulated the completed form between them, but inadvertently failed to forward the completed trading form to Northern for confirmation. Since the paperwork was not processed properly, the imbalance volumes remained untraced and Northern initiated the process of cashing-out both imbalances after the conclusion of the 17<sup>th</sup> work day of the month in accordance with section 32 (L) (viii) of Northern's tariff.

4. On January 30, 2006, Northern became aware of the parties' intention to trade their imbalances when BP furnished a copy of the completed trade form which indicated it was faxed between the trading partners on December 14, 2005, nine days before the trading deadline of December 23, 2005. Consequently, Northern requests waiver of its tariff provisions as necessary to allow it to record the imbalance trade as a timely trade of November imbalances.

5. On February 20, 2006, Northern Municipal Distributors Group and each of its individual members, and the Midwest Region Gas Task Force Association filed a motion to intervene. Neither party opposes the requested waiver. Subsequently, on March 13, 2006, BP filed a motion to intervene in support of the waiver request. BP claims that the Commission should approve the waiver because it will lead to just and reasonable results.

6. The Commission grants the waiver request. This will permit BP and Swift to obtain the benefit of the trade they clearly intended to make, and no party objects or will be harmed.

By direction of the Commission.

Magalie R. Salas,  
Secretary.

cc: All Parties  
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