

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

May 26, 2006

In Reply Refer To:  
El Paso Natural Gas Company  
Docket No. RP06-310-000

El Paso Natural Gas Company  
Post Office Box 1087  
Colorado Springs, CO 80944

Attention: Catherine E. Palazzari  
Vice President

Reference: Rates for Service to Blythe, California

Dear Ms. Palazzari:

1. On April 14, 2006, El Paso Natural Gas Company (El Paso) filed revised tariff sheets<sup>1</sup> in Docket No. RP06-310-000 to add rates for service to the Blythe, California delivery point for certain rate schedules. The Commission will accept the revised tariff sheets, effective June 1, 2006, subject to refund and to the outcome of the hearing in Docket No. RP05-422-000.

**Background**

2. On June 30, 2005, El Paso filed, in Docket No. RP05-422-000, revised tariff sheets pursuant to section 4 of the Natural Gas Act (NGA) that proposed, among other things, a system-wide rate change and a number of new services. On July 29, 2005, the Commission issued an order<sup>2</sup> accepting and suspending El Paso's Primary Tariff sheets, subject to conditions and the outcome of a hearing and technical conference. Technical conferences were held in September and October of 2005. On March 1, 2006, El Paso filed a motion to place its suspended rates into effect and filed tariff sheets reflecting its

---

<sup>1</sup> Ninth Revised Sheet No. 21, First Revised Sheet No. 25B, and First Revised Sheet No. 25C to its FERC Gas Tariff, Second Revised Volume No. 1-A.

<sup>2</sup> *El Paso Natural Gas Co.*, 112 FERC ¶ 61,150 (2005).

proposed new rate schedules as well as modifications to its terms and conditions of service, to become effective April 1, 2006. On March 23, 2006, the Commission issued an order<sup>3</sup> on technical conference that addressed the issues raised at the conferences and El Paso's March 1, 2006 filing. On March 29, 2006, in Docket Nos. RP05-422-008 and RP06-226-001, El Paso submitted an Offer of Partial Settlement that proposes, among other things, to delay the implementation of the new services until June 1, 2006.

### **Instant Filing**

3. El Paso states that, in the June 30 filing, El Paso did not propose rates for the California delivery zone for the new services rate schedules based on the lack of customer interest in such services. At the technical conferences held in the Docket No. RP05-422-000 proceeding, El Paso stated that it would be willing to make its new services available to the California delivery zone if shippers expressed sufficient interest. El Paso states that it received a request, as part of settlement discussions, to make certain new services available at one of the California delivery points, *i.e.*, the Blythe delivery point. As a result, El Paso states that paragraph 3.7 of the Offer of Partial Settlement provides that El Paso will submit tariff sheets to propose a rate for the Rate Schedule IHSW, FTH-8, and FTH-16 premium services at the Blythe delivery point (Blythe, DRN 305261). El Paso is revising its tariff in this filing to make these new services available at the Blythe delivery point, consistent with this agreement.

4. El Paso states that, for purposes of this filing, it applied the same methodology that it used in its June 30 filing to calculate the rates for all other delivery zones. No additional costs have been allocated to these proposed rates. El Paso further states that it used a cost reallocation consistent with the cost reallocation reflected in the rates in its April 4, 2006 filing in Docket No. RP05-422-010.<sup>4</sup>

5. El Paso explains that the Rate Schedule FT-H rates proposed herein reflect the same percentage relationship to the Rate Schedule FT-1 California rates that exists between the Rate Schedule FT-H non-California rates and their respective Rate Schedule FT-1 non-California rates. El Paso further states that it established a premium factor over the applicable Rate Schedule FT-1 rate for each hourly service option that it applied to calculate the rates. El Paso used a premium factor of 125 percent for its sixteen hour service and a premium factor of 200 percent for its eight hour service. El Paso applied these premium factors to all delivery zones where these hourly services were offered.

---

<sup>3</sup> 114 FERC ¶ 61,305 (2006).

<sup>4</sup> The April 4 filing was made in response to the March 20, 2006 Order on Post-Settlement Issues (114 FERC ¶ 61,290 (2006)) in Docket No. RP05-422-000 wherein the Commission required El Paso to submit revised rates.

El Paso states that it used this same methodology and these same premium factors to calculate the eight and sixteen hour service option rates proposed for the Blythe, California delivery point.

6. For the Rate Schedule IHSW zonal rates, El Paso states that these are 100 percent load factor derivatives of the corresponding zonal Rate Schedule FT-H twelve hour service rates. Thus, El Paso proposed the applicable twelve hour service California rate for the proposed Rate Schedule IHSW rate for the Blythe, California delivery point.

7. El Paso requests that the Commission accept these tariff sheets and make them subject to refund and to the outcome of the Docket No. RP05-422-000 proceeding.

### **Notice, Interventions, and Protests**

8. The filing was noticed on April 25, 2006, with comments, protests or motions to intervene due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210). No protests or adverse comments were filed. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214).

### **Discussion**

9. El Paso's filing represents an agreement among the parties to El Paso's pending rate proceeding in Docket No. RP05-422-000. Further, the filing is consistent with El Paso's statement at the technical conference in Docket No. RP05-422-000 that it would provide the new services to California delivery points if shippers expressed interest in such service. Therefore, the Commission will accept El Paso's revised tariff sheets to add rates for certain new services to the Blythe, California delivery point, effective June 1, 2006, subject to refund and to the outcome of the proceeding in Docket No. RP05-422-000.

By direction of the Commission.

Magalie R. Salas,  
Secretary.