DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP98–281–000]

Colorado Interstate Gas Company; Notice of Request Under Blanket Authorization

March 23, 1998.

Take notice that on March 16, 1998, Colorado Interstate Gas Company (CIG), P.O.Box 1087, Colorado Springs, Colorado 80944, filed in Docket No. CP98–281–000 a request pursuant to Sections 157.205 and 157.216 of the Commission's Regulations under the Natural Gas Act (18 CFR 157.205, 157.216) for authorization to abandon the existing Bush Lake Purchase Meter Station in Sweetwater County, Wyoming by sale to BTA Oil Producers, under CIG's blanket certificate pursuant to Section 7 of the Natural Gas Act, all as more fully set forth in the request that is on file with the Commission and open to public inspection.

CIG states that the Bush Lake Purchase Meter Station is remote from CIG's facilities. It was constructed in 1978 to measure gas purchased by CIG from Western Transmission Corporation (Western). After measurement by CIG, the gas was delivered to Panhandle Eastern Pipe Line Company (Panhandle) and Panhandle redelivered the gas to CIG under an exchange agreement certificated in Docket No. CP77–423. Both Western and Panhandle facilities have been sold to other parties. CIG has agreed to sell the Bush Lake Purchase Meter Station to BTA Oil Producers (BTA), the current operator of the upstream facilities, for $7,000 as detailed in the Purchase and Sale Agreement dated February 27, 1998. Because this facility is remote from CIG's other facilities, it is more economic for BTA to own and operate.

CIG states that the proposed abandonment is not prohibited by its existing tariff and that it has sufficient capacity to accommodate the proposed abandonment without detriment or disadvantage to CIG's other customers.

Any person or the Commission's staff may, within 45 days after issuance of the instant notice by the Commission, file pursuant to Rule 214 of the Commission's Procedural Rules (18 CFR 385.214) a motion to intervene or notice of intervention and pursuant to Section 157.205 of the Regulations under the Natural Gas Act (18 CFR 157.205) a protest to the request. If no protest is filed within the time allowed therefor, the proposed activity shall be deemed to be authorized effective the day after the time allowed for filing a protest. If a protest is filed and not withdrawn within 30 days after the time allowed for filing a protest, the instant request shall be treated as an application for authorization pursuant to Section 7 of the Natural Gas Act.

David P. Boergers,

Acting Secretary.

[FR Doc. 98–8006 Filed 3–26–98; 8:45 am]

BILLING CODE 6717–01–M

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. IN98–3–000]

Consumers Energy Company; Order Instituting Proceeding

Issued March 23, 1998.

Before Commissioners: James J. Hoecker, Chairman; Vicky A. Bailey, William L. Massey, Linda Breathitt, and Curt Hebert, Jr.

Consumers Energy Company (Consumers), a local distribution company in Michigan, holds firm transportation (FT) capacity on interstate natural gas pipelines. Consumers has a limited-jurisdiction blanket certificate of public convenience and necessity under section 7 of the Natural Gas Act (NGA).[1] The blanket certificate is solely for the purpose of releasing FT capacity to replacement shippers pursuant to the Commission's capacity release regulations, 18 CFR 284.243 (1997).

This order establishes a proceeding pursuant to sections 5 and 16 of the NGA.[2] The Commission is requiring Consumers to identify each transaction in which it released or is releasing capacity to a replacement shipper at the pipeline's applicable maximum tariff rate and also received or will receive a payment in excess of the pipeline's applicable maximum rate. For each such transaction, we are requiring Consumers to show why it has not violated, and is not violating, NGA sections 4(a), 4(b)[3] and 5(a) and section 284.243(h)(1) of the Commission's regulations, as well as the section 284.243(g) blanket certificate Consumers holds.

For each such transaction, we are also requiring Consumers to show why it should not refund to the replacement shipper any payment Consumers received in excess of the relevant pipeline maximum tariff rate.

[1] 15 U.S.C. 717f (1994).

[2] 15 U.S.C. 717d and 717o (1994).

[3] 15 U.S.C. 717(a) and (b) (1994).

I. Regulatory Background

In Order No. 636,[4] the Commission added section 284.243[5] to its regulations to require all open-access pipelines to provide a capacity release mechanism. Under capacity release, shippers ''can voluntarily reallocate all or a part of their firm transportation capacity rights to any person who wants to obtain that capacity by contracting with the pipeline.''[6] Shippers may allocate their capacity only under section 284.243.[7] Section 284.243(g) grants shippers limited-jurisdiction blanket certificates of public convenience and necessity pursuant to section 7 of the NGA solely for the purpose of releasing firm capacity.

Section 284.243(h)(1) authorizes firm shippers to release capacity at the maximum applicable pipeline tariff rate without prior notice.[8] However, section 284.243(h)(1) also specifies that the release cannot exceed the maximum rate. Finally, section 284.243(h)(1) mandates that notice of a release at the maximum rate ''must be provided on the pipeline's electronic bulletin board * * * not later than forty-eight hours * * * after the release transaction commences.''

In Order No. 636–A, the Commission stated that electronic bulletin board (EBB) postings of capacity releases are necessary to prevent abuse by releasing shippers, including requiring compensation ''outside of the reassignment process.''[9] Thus, the Commission requires that ''*all* terms and conditions for capacity release must be posted. * * *''[10] In Order No. 636–B, the Commission expressly rejected a proposal that pipelines need not post on their EBBs release transactions involving designated, prearranged replacement shippers at maximum rates.[11] Posting of releases at maximum rates, which are not subject to bidding, is nonetheless necessary to provide the industry and the Commission with the ability to review and monitor transactions at maximum rates.[12]

[4] FERC Stats. & Regs., Regs. Preambles 1991–1996 ¶ 30,939 (1992).

[5] 18 CFR 284.243 (1997).

[6] FERC Stats. & Regs. Regs. Preambles 1991–1996 at 30,418.

[7] *Id.*

[8] 18 CFR 284.243(h)(1).

[9] FERC Stats. & Regs., Regs. Preambles 1991–1996 ¶ 30,950 at 30,559 (1992).

[10] *Id.* (Emphasis in original.)

[11] 61 FERC ¶ 61,272 at 61,994 (1992).

[12] Order No. 577, FERC Stats. & Regs., Regs. Preambles 1991–1996 ¶ 31,017 at 31,316, n. 16 (1995).