

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 02P-306G

IN THE MATTER OF THE GAS PURCHASE REPORT FOR KINDER MORGAN, INC., FOR
THE GAS PURCHASE YEAR FROM JULY 1, 2002 THROUGH JUNE 30, 2003.

**RECOMMENDED DECISION OF
ADMINISTRATIVE LAW JUDGE
WILLIAM J. FRITZEL
ACCEPTING STIPULATION
AND SETTLEMENT AGREEMENT**

Mailed Date: July 12, 2004

I. STATEMENT, FINDINGS, AND CONCLUSIONS

1. On June 28, 2002, Kinder Morgan, Inc. (Kinder Morgan), filed its Submittal for Determination of Completeness of Gas Purchase Plan for the gas purchase year from July 1, 2002 through June 30, 2003.

2. On October 17, 2003, Kinder Morgan filed its Gas Purchase Report.

3. After a review by Staff of the Colorado Public Utilities Commission (Staff), Staff informed Kinder Morgan in a letter dated January 29, 2004 that Staff had concerns regarding one issue, namely the sufficiency of Kinder Morgan's internal control procedures under Kinder Morgan's unified accounting system that allows all affiliates of Kinder Morgan direct access to its accounting system.

4. At the Commission's Weekly Meeting held on February 11, 2004, the Commission accepted Staff's recommendation of initiating a focused prudence review hearing. The Commission referred the matter to an Administrative Law Judge.

5. On June 11, 2004, Kinder Morgan and Staff, the only parties in this docket, filed a Stipulation and Settlement Agreement and a Motion to Approve Stipulation and Settlement Agreement.

6. By the terms of the Stipulation and Settlement Agreement, attached to and made a part of this recommended decision, Kinder Morgan has agreed to address Staff's concerns regarding Kinder Morgan's accounting system. (Paragraph No. 12 of the Settlement Agreement) This Agreement resolves the issues raised by Staff. Kinder Morgan and Staff request that the Stipulation and Settlement Agreement be approved, and that the docket be closed.

7. It is found and concluded that the Stipulation and Settlement Agreement, attached to and made a part of this recommended decision, is in the public interest and should be approved.

8. Pursuant to § 40-6-109, C.R.S., it is recommended that the Commission enter the following order.

II. ORDER

A. The Commission Orders That:

1. The Stipulation and Settlement Agreement filed by Kinder Morgan, Inc., and Staff of the Colorado Public Utilities Commission on June 11, 2004, attached to and made a part of this Recommended Decision, is accepted.

2. Docket No. 02P-306G is closed.

3. This Recommended Decision shall be effective on the day it becomes the Decision of the Commission, if that is the case, and is entered as of the date above.

4. As provided by § 40-6-109, C.R.S., copies of this Recommended Decision shall be served upon the parties, who may file exceptions to it.

a) If no exceptions are filed within 20 days after service or within any extended period of time authorized, or unless the decision is stayed by the Commission upon its own motion, the recommended decision shall become the decision of the Commission and subject to the provisions of § 40-6-114, C.R.S.

b) If a party seeks to amend, modify, annul, or reverse basic findings of fact in its exceptions, that party must request and pay for a transcript to be filed, or the parties may stipulate to portions of the transcript according to the procedure stated in § 40-6-113, C.R.S. If no transcript or stipulation is filed, the Commission is bound by the facts set out by the administrative law judge and the parties cannot challenge these facts. This will limit what the Commission can review if exceptions are filed.

5. If exceptions to this Decision are filed, they shall not exceed 30 pages in length, unless the Commission for good cause shown permits this limit to be exceeded.

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

Administrative Law Judge

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