

Aquila

C06-0782

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May 31, 2006

Advice No. 516

Public Utilities Commission
Of the State of Colorado
1580 Logan Street
Office Level 2
Denver, CO 80203

2006 MAY 22 AM 10:42
PUBLIC UTILITIES COMMISSION

The accompanying tariff sheets issued by Aquila, Inc., doing business as Aquila Networks-PNG ("Aquila") are sent to you for filing in compliance with the requirements of the Colorado Public Utilities Law and the following sheets are attached:

COLORADO PUC NO. 2

<u>Colorado PUC Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancels Colorado PUC Sheet No.</u>
Eighth Revised Sheet 12	Schedule TX, Transportation Service	Seventh Revised Sheet No. 12
Seventh Revised Sheet 13	Schedule TX, Transportation Service	Sixth Revised Sheet No. 13
Fourth Revised Sheet 14	Schedule TX, Transportation Service	Third Revised Sheet No. 14

The purpose of this filing is to comply with the Public Utilities Commission's Decision Nos. C06-0459 and R05-1011 in Docket No. 03P-232G, and to make tariff changes consistent with the Settlement Agreement and decisions in that docket, which: (1) revise the method used by Aquila to balance a customer's receipts and deliveries and the method for calculating the cash-out of imbalance volumes for Aquila's transportation customers on a monthly basis, using the Average Daily Index Price; (2) delete the sales back-up service option from the transportation tariffs; (3) align the tiers for monthly imbalance volumes in Aquila's transportation tariffs to those in the federal tariffs of Colorado Interstate Gas Company, Aquila's upstream pipeline carrier; and (4) prevent Aquila's sales customers from cross-subsidizing its transportation customers.

This tariff filing is revenue neutral, and will result in no change to the overall revenue requirement or annual revenues for Aquila's Colorado gas operations. No change in any rate, fare, toll, rental charge, or classification will result if these revised tariffs are allowed to become effective by operation of law. In other words, there will be no effect on the rates for natural gas sales or transportation service provided by Aquila in Colorado.

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It is desired that the new tariffs accompanying this advice letter become effective on thirty days' notice, or on July 1, 2006.

Sincerely,



Steven M. Jurek
Vice President
Aquila, Inc.

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OFFICE OF CONSUMER COUNSEL
COLORADO
PUBLIC UTILITIES COMMISSION

cc: Steven H. Denman, Esq., Counsel for Aquila, Inc.
David Nocera, Esq., Assistant Attorney General, Counsel for Trial Staff
James Greenwood, Director, Colorado Office of Consumer Counsel
Greg Bunker, Esq., Assistant Attorney General, Counsel for OCC

COLORADO PUBLIC UTILITIES COMMISSIONAQUILA INC. d/b/a
AQUILA NETWORKSColo. PUC No. 2
Eighth Revised Sheet 12
Cancels Seventh Revised Sheet No. 12

Colorado Operations

SCHEDULE TS, Transportation Service

1. AVAILABILITY: Service under this rate schedule is available to customers who have contracted for an alternate or supplemental source of gas supply and have requested Aquila to transport such alternate or supplemental gas for customer's account. Service hereunder is conditioned upon availability of capacity without detriment or disadvantage to Aquila's existing customers.
2. RATES:
 - A. Customer and Service Facility Charge: \$250 per month per meter.

Surcharge: All transported volumes will receive the rate case expense surcharge on Tariff Sheet 5a.
 - B. Firm Service:
Demand Charge: \$.50 per Mcf.

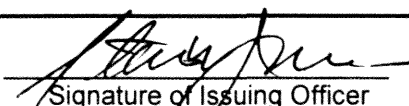
Commodity Charge: Transportation rate applied to all volumes delivered to the customer shall be no less than \$.10 per Mcf or more than \$.7000 per Mcf.

Interruptible Service:
Commodity Charge: Transportation rate applied to all volumes delivered to the customer shall be no less than \$.10 per Mcf or more than \$.7000 per Mcf.
 - C. Overrun Service
 Authorized overrun transportation for all gas transported in excess of nominated peak day volumes shall be \$.70 per Mcf. DS

 Unauthorized overrun transportation for all gas transported in excess of nominated peak day volumes shall be \$25.00 per Mcf.
 - D. Payment
 The above rate is net and due and payable within fifteen (15) days from date of mailing or presentation of bill. S

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Decision or
Authority No.
H:CO-Sheets 12, 13, 14

 Signature of Issuing Officer
 Vice President

Issue Date: May 31, 2006

Effective Date: July 1, 2006

COLORADO PUBLIC UTILITIES COMMISSION
AQUILA INC. d/b/a
AQUILA NETWORKS

Colo. PUC No. 2
Seventh Revised Sheet 13
Cancels Sixth Revised Sheet No. 13

Colorado Operations

SCHEDULE TS, Transportation Service

3. **NOMINATION:**

A. **Requirements:** Customers are required to nominate daily. Customers requesting volumes to flow on the first day of any month, must contact Company's Gas Control Department via Company's Internet-enabled electronic bulletin board, known as Gas Track Online (<http://www.gastrackonline.com>), and inform them of the volumes to be transported by receipt point(s) and delivery point(s). First of the month nominations and daily nominations via the internet are due by 11:30 a.m. Central Time one day before the gas flows. Intra-day nomination for the 2nd through the 31st days of a month will be accepted until 5:00 p.m. Central Time. A confirmed pipeline nomination will also be accepted on a best effort basis on, the day of gas flow. The Company shall have the right, in its sole discretion, to reject or change any nomination that it deems is being made in order to take unfair advantage of any tariff provisions, including but not limited to, monthly cash out.

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4. **MEASUREMENT:** All transportation volumes will be measured on a Mcf basis at the standard sales base pressure of 14.65 psi.

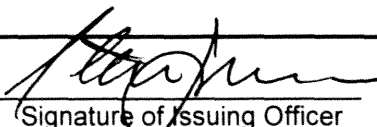
5. **INTERRUPTION:** Capacity related interruptions shall occur in the following order: 1) Interruptible Sales and Interruptible Transportation, 2) Firm Sales and Firm Transportation, based on end-use priority classifications given in Company's General Service Rules and Regulations on file and approved by the PUC.

6. **CURTAILMENT:** Supply related curtailment will be a function of ownership; i.e. Company will only deliver gas it has received for transportation. Customer shall be curtailed if customer's supply is not received by Aquila at the receipt point.

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COLORADO PUBLIC UTILITIES COMMISSION
AQUILA INC. d/b/a
AQUILA NETWORKS

Colo. PUC No. 2
 Fourth Revised Sheet 14
 Cancels Third Revised Sheet No. 14

Colorado Operations

SCHEDULE TS, Transportation Service

7. **BALANCING:** To assure Aquila's system integrity, the customer is responsible for: 1) providing daily nominations which accurately reflect customer's expected consumption, and 2) balancing on a monthly basis, deliveries to Aquila's system with volumes consumed at the delivery points. Failure to fulfill these responsibilities will result in the customer incurring charges as described below.

A. Incorrect Daily Nomination Charge

If, on any day, the volume of gas expected to be consumed by customer is greater than the contract quantity (for firm transportation customers) or the transportation nomination (for interruptible transportation customers), then customer must notify Aquila. If Aquila has capacity available, then Aquila shall authorize such transportation. If Aquila does not have capacity available and consumption exceeds the contract quantity or transportation nomination, as applicable, by more than 10%, then Aquila will charge customer the applicable overrun service rate as defined in paragraph 2C.

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B. Monthly Imbalances

At the end of each calendar month, Customer is required to balance its receipts and deliveries. Any variance between Customer's receipts and deliveries will result in the following "cash out" of imbalance volumes:

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<u>Imbalance Level</u>	<u>Overage (Aquila Pays Customer)</u>	<u>Underage (Customer Pays Aquila)</u>
0 - 5%	100% x ADIP	100% x ADIP
>5% - 10%	90% x ADIP	110% x ADIP
>10% - 15%	80% x ADIP	120% x ADIP
Greater than 15%	60% x ADIP	140% x ADIP

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"Average Daily Index Price" (ADIP) shall mean the average of the daily midpoint index prices for Oklahoma – NGPL, Mid-Continent and the Rockies – CIG, Rocky Mountains as published in Platt's Gas Daily for each day of the production month divided by the number of days in the Month. Should Platt's Gas Daily become available or not publish a price for any day, Transporter shall calculate the ADIP on information posted in a similar publication.

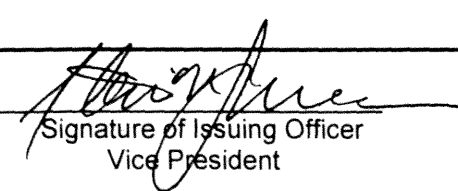
For Overage, Aquila pays customer the relevant % x ADIP according to the imbalance level.

For Underage, the customer pays Aquila the relevant % x ADIP according to the imbalance level, plus pipeline transportation charges @ 100% load factor, plus fuel.

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