

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 04P-287G

2006 JUL 10 17

IN THE MATTER OF THE GAS PURCHASE PLANS AND GAS PURCHASE
REPORTS FOR KINDER MORGAN, INC. FOR THE GAS PURCHASE YEAR JULY 1,
2004 THROUGH JUNE 30, 2005 FOR THE SOUTHERN, COLORADO ARKANSAS
VALLEY AND SOUTHERN COLORADO WESTERN SLOPE SERVICE AREAS

MOTION FOR ORDER APPROVING ATTACHED STIPULATION AND
AGREEMENT AND CLOSING DOCKET

Kinder Morgan, Inc. ("Kinder Morgan"), by and through its respective undersigned counsel, hereby moves, pursuant to the Commission's Rules of Practice and Procedure for an Order in the instant docket: (a) approving the Stipulation and Agreement attached to this Motion; (b) closing the instant docket and (c) waiving the response time to this Motion. As grounds therefore, respectfully states:

1. By Decision No. C06-0024, "Order Commencing Prudence Review and Notice of Hearing", mailed January 13, 2006 and adopted January 11, 2006, the Commission established, inter alia, that Staff of the Commission was a party to this proceeding, February 13, 2006 as the last date for interventions, and July 14, 2006 as the date for hearing. The Commission stated: "... [T]his prudency review [is] to enable trial advocacy staff to conduct an investigation into gas costs. If trial advocacy staff believes that imprudency related to gas costs occurred, the hearing will go forward on any issues identified; if not, the docket will be closed."¹ On January 31, 2006, Staff filed its entry of appearance pursuant to Rule 9(d) and the OCC timely intervened on February 7, 2006. There are no other interveners in or parties to this matter.

¹ Decision No. C06-0024, Order Paragraph A.3

2. Kinder Morgan, Staff and the OCC filed joint or unopposed motions with the Commission requesting modifications to the established procedural schedule in this docket to allow Staff additional time to complete its investigation of the prudence of the subject Gas Purchase Plans ("GPP") and Gas Purchase Reports ("GPR") filed in this docket. Those separate motions were granted by Administrative Law Judge, William J. Fritzel ("ALJ").

3. Staff and the OCC conducted substantial discovery with respect to Kinder Morgan's GPP and GPR filed in this docket.

4. Staff consulted with Kinder Morgan and Staff and Kinder Morgan held several meetings to discuss Kinder Morgan's GPP and GPR in conjunction with Staff's investigation. Kinder Morgan presented additional information to Staff to address issues or answer questions raised by Staff in the course of its investigation. This Stipulation and Agreement is the result of those meetings and settlement discussions and reflects resolution of all outstanding issues in this docket.

5. Counsel for Kinder Morgan has contacted counsel for Staff and OCC, who state that their clients support this motion. Therefore, Kinder Morgan requests a waiver of the response time to this Motion. Kinder Morgan, Staff, and OCC are the only active parties in this proceeding. No party will be prejudiced by granting the waiver and a waiver of response time is appropriate.

WHEREFORE, for good cause shown, Kinder Morgan respectfully moves the Commission for an Order: (a) approving the Stipulation and Agreement attached to this Motion; (b) closing the instant docket and (c) waiving the response time to this Motion.

Respectfully submitted this 21st day of June, 2006

KINDER MORGAN, INC.

By: _____

Joseph F. Furray, Attorney Reg. #18257

Assistant General Counsel

370 Van Gordon Street

Lakewood, Colorado 80228

Telephone No. 303-763-3310

Facsimile No. 303-763-3115

CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of June, 2006, the original and eight (8) copies of the **"MOTION FOR ORDER APPROVING ATTACHED STIPULATION AND AGREEMENT AND CLOSING DOCKET"** was filed via hand-delivery to:

Doug Dean, Director
Public Utilities Commission of the
State of Colorado
1580 Logan Street, OL-2
Denver, Colorado 80203

And a copy was placed in first-class mail, postage prepaid, to each of the following:

Stephen W. Southwick, Esq.
Assistant Attorney General
Office of the Attorney General-OCC
1525 Sherman Street, 6th Floor
Denver, CO 80203
Steven.southwick@state.co.us

Julie Haugen
Public Utilities Commission
1580 Logan Street, OL-2
Denver, CO 80203
Julie.haugen@dora.state.co.us

Billy Kwan
Public Utilities Commission
1580 Logan Street, OL-2
Denver, CO 80203
Billy.kwan@dora.state.co.us

Robert Bergman
Advisory Staff
Public Utilities Commission
1580 Logan Street, OL-2
Denver, CO 80203
Bob.bergman@dora.state.co.us

Jonathan D. Loe
Rate/Financial Analyst
Office of Consumer Counsel
1580 Logan Street
Suite 740
Denver, CO 80203
Jonathan.loe@dora.state.co.us

Thomas Finn
Public Utilities Commission
1580 Logan Street, OL-2
Denver, CO 80203
Thomas.finn@dora.state.co.us

Bridget McGee-Stiles
Public Utilities Commission
1580 Logan Street, OL-2
Denver, CO 80203
Bridget.mcgee-stiles@dora.state.co.us

Frank Shafer
Advisory Staff
Public Utilities Commission
1580 Logan Street, OL-2
Denver, CO 80203
Frank.shafer@dora.state.co.us

Jean S. Watson-Weidner
Assistant Attorney General
Business and Licensing Section
1525 Sherman Street, 5th Floor
Denver, Colorado 80203

Karlton Kunzie
Public Utilities Commission
1580 Logan Street, OL-2
Denver, CO 80203
Karl.kunzie@dora.state.co.us

Christopher M. Irby, Esq.
Assistant Attorney General
Office of Consumer Counsel Unit
Office of the Attorney General
1525 Sherman St. 5th Floor
Denver, CO 80203
(303) 866-5441
(303) 866-5342 (Fax)

Judith Cook

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 04P-287G

IN THE MATTER OF THE GAS PURCHASE PLANS AND GAS PURCHASE
REPORTS FOR KINDER MORGAN, INC. FOR THE GAS PURCHASE YEAR JULY 1,
2004 THROUGH JUNE 30, 2005 FOR THE SOUTHERN, COLORADO ARKANSAS
VALLEY AND SOUTHERN, COLORADO WESTERN SLOPE SERVICE AREAS

STIPULATION AND AGREEMENT

This Stipulation and Agreement ("Stipulation" or "Stipulation and Agreement") is entered into by and between Kinder Morgan, Inc. ("Kinder Morgan"), the Staff of the Colorado Public Utilities Commission ("Staff") and the Office of Consumer Counsel ("OCC"), hereinafter collectively referred to as the "Parties". The Parties hereby enter into this Stipulation resolving as between the Parties, all issues that have been raised or could have been raised in Docket 04P-287G. This Stipulation sets for all the terms and conditions of such settlement.

The Parties to this Stipulation state that the results of the compromises reflected herein are a just and reasonable resolution of the issues addressed in this Stipulation, and that reaching agreement as set forth herein by means of a negotiated settlement is in the public interest. Each Party hereto pledges its support of this Stipulation and states that each will defend the settlement reached. The Parties respectfully request that the Public Utilities Commission of the State of Colorado ("Commission" or "PUC") approve this Stipulation.

I. Background

1. By Decision No. C06-0024, "Order Commencing Prudence Review and Notice of Hearing", mailed January 13, 2006 and adopted January 11, 2006, the Commission established, inter alia, that Staff of the Commission was a party to this proceeding, February 13, 2006 as the last date for interventions, and July 14, 2006 as the date for

hearing. The Commission stated: "... [T]his prudency review [is] to enable trial advocacy staff to conduct an investigation into gas costs. If trial advocacy staff believes that imprudency related to gas costs occurred, the hearing will go forward on any issues identified; if not, the docket will be closed."¹ On January 31, 2006, Staff filed its entry of appearance pursuant to Rule 9(d) and the OCC timely intervened on February 7, 2006. There are no other interveners in or parties to this matter.

2. Kinder Morgan, Staff and the OCC filed joint or unopposed motions with the Commission requesting modifications to the established procedural schedule to allow Staff additional time to complete its investigation of the prudency of the subject Gas Purchase Plans ("GPP") and Gas Purchase Reports ("GPR") filed in this docket. Those separate motions were granted by Administrative Law Judge, William J. Fritzel ("ALJ").

3. Staff and the OCC conducted substantial discovery with respect to Kinder Morgan's GPP and GPR filed in this docket.

4. Staff has consulted with Kinder Morgan and Staff and Kinder Morgan have held several meetings to discuss Kinder Morgan's GPP and GPR in conjunction with Staff's investigation. Kinder Morgan presented additional information to Staff to address issues or to answer questions raised by Staff in the course of its investigation. This Stipulation and Agreement is the result of those meetings and settlement discussions and reflects resolution of all outstanding issues in this docket.

¹ Decision No. C06-0024, Order Paragraph A.3

II. Agreement

Kinder Morgan, the Staff and the OCC hereby stipulate and agree as follows:

1. Establishment and Explanation of Written Procedures Concerning

Purchases and Recording of Gas Costs on a Prospective Basis. Kinder Morgan agrees that it must establish written procedures, as well as keep such written procedures current for purchasing and recording gas costs on a prospective and ongoing basis. Such procedure should include at a minimum, a narrative of purchasing and recording gas costs, FERC account numbers, location codes for all of the various rate areas, journal entries, and other types and kinds of location codes.

2. Deduction of Certain Storage Volumes.

Kinder Morgan agrees that it will, on a prospective and an on-going basis, deduct storage volumes from its actual purchases for the Arkansas Valley rate area to reflect Kinder Morgan's actual purchased gas costs for the Arkansas Valley rate area. Storage volumes, as well as the associated costs of such storage, will be tracked and accounted for separately.

III. General Provisions

1. Notwithstanding the resolution of the issues set forth in this Stipulation and Agreement, none of the principles underlying this Stipulation and Agreement shall be deemed by the Parties to constitute a settled practice or precedent in any future proceeding, and nothing herein shall constitute a waiver by any Party with respect to any matter not specifically addressed herein. By entering into this Stipulation and Agreement, no Party shall be deemed to have agreed to any method of ratemaking, cost allocation, or rate design, or other principle. This Stipulation and Agreement is entered into by the Parties

solely for the purpose of settling the issues in this docket and addresses only the costs incurred in the subject gas purchase year. This Stipulation and Agreement is not intended to settle any costs which may be incurred in future gas purchase years which may be the subject of review in future gas cost adjustment proceedings.

2. The terms and conditions of this Stipulation and Agreement are just and reasonable, in the public interest, and should be approved.

3. The Parties state that in reaching agreement as set forth herein by means of a negotiated settlement, rather than by a contested hearing, is in the public interest.

4. In the event that the ALJ or Commission modifies any material term of this Stipulation and Agreement, which modification is unacceptable to any Party hereto, that Party shall so notify the other Parties within 10 (ten) days after the decision becomes effective. In that event, this Stipulation and Agreement shall be considered null and void and of no force and effect in this or any other proceeding. In that event, this Stipulation and Agreement, its terms and conditions, and the negotiations or discussion undertaken in conjunction with this Stipulation and Agreement, shall not be admissible in evidence in this or any other proceeding.

5. The terms and conditions of this Stipulation and Agreement shall become effective on either (1) the date a recommended decision of the presiding ALJ approving this Stipulation and Agreement without modification of any material term which is unacceptable to any Party becomes the decision of the Commission by operation of law, or (2) the date a final decision of the Commission approving this Stipulation and Agreement without modification of any material terms which is unacceptable to any Party, becomes effective.

6. Approval of this Stipulation and Agreement shall constitute a determination that this Stipulation and Agreement represents a just, equitable and reasonable resolution of all issues which were or could have been contested by the Parties in this docket.

7. The Parties agree to a waiver of compliance with any Commission rule that may be necessary to permit all provisions of this Stipulation and Agreement to be carried out.

8. This Stipulation and Agreement may be executed in counterparts, each of which when taken together shall constitute the entire Stipulation and Agreement.

Dated this 21st day of June, 2006.

[SIGNATURE PAGES TO FOLLOW]

KINDER MORGAN, INC.

By: _____

Bentley W. Breland

Bentley W. Breland
Vice President of Certificates and Rates
370 Van Gordon Street
Lakewood, Colorado 80228
Telephone No. 303-763-3581
Facsimile No. 303-763-3116

Attachment
Docket No. 04P-287G
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Approved as to Form

By: _____

Joseph F. Furay

Joseph F. Furay, Attorney Reg. #18257
Assistant General Counsel
370 Van Gordon Street
Lakewood, Colorado 80228
Telephone No. 303-763-3310
Facsimile No. 303-763-3115

STAFF OF THE COLORADO PUBLIC UTILITIES COMMISSION

By: Julie Haugen

Julie Haugen
Rate/Financial Analyst
1580 Logan Street, OL-1
Denver, CO 80202

Approved as to Form

JOHN W. SUTHERS, ATTORNEY GENERAL

By: Jean S. Watson-Weidner

Jean S. Watson-Weidner, Reg. No. 21036*
Assistant Attorney General
Business and Licensing Section
1525 Sherman Street, 5th Floor
Denver, Colorado 80203
Telephone: (303) 866-3764

COUNSEL FOR TRIAL STAFF OF THE
PUBLIC UTILITIES COMMISSION

**COLORADO OFFICE OF
CONSUMER COUNSEL**

By: Rob Trokey

Robert Trokey
Rate/Financial Analyst
Office of Consumer Counsel
1580 Logan St., Suite 740
Denver, CO 80203
(303) 894-2123

Approved as to form:

BY: Chris

Christopher M. Irby, 35778
Assistant Attorney General
Office of the Attorney General
1525 Sherman Street, 5th Floor
Denver, Colorado 80203
(303) 866-5441
(303) 866-5342 (Fax)

**ATTORNEY FOR COLORADO
OFFICE OF CONSUMER COUNSEL**