

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Western Gas Interstate Company

)

Docket No. TS04-____-000

**INFORMATIONAL FILING
OF WESTERN GAS INTERSTATE COMPANY**

In accordance with Section 358.4(e)(1) of the Commission's regulations, 18 C.F.R. § 358.4(e)(1), Western Gas Interstate Company ("WGI") hereby submits its informational filing regarding the proposed implementation of standards of conduct adopted in Order No. 2004.^{1/}

I. CORRESPONDENCE AND COMMUNICATIONS

All communications concerning this filing should be directed to the following:

Richard D. Hatchett, Vice President
Western Gas Interstate Company
211 North Colorado
Midland, Texas 79701
(432) 682-4349 (Phone)
(432) 682-4024 (Fax)
rhatchett@westtexasgas.com

Sterling H. Smith
Law Offices of Sterling H. Smith
2900 Stratford Drive
Austin, TX 78746-4621
(512) 306-9487 (Phone)
(512) 306-9497 (Fax)
shsmith@austin.rr.com

II. BACKGROUND

A. Description of WGI's System Operations

WGI operates a small interstate pipeline system located in the Texas and Oklahoma Panhandle, with a total of six customers, including four firm capacity holders. The system consists almost entirely of 3 to 6-inch diameter pipeline, in two discrete, non-interconnected segments

^{1/} Standards of Conduct for Transmission Providers, FERC Stats. & Regs. Vol. III [Reg. Preambles] ¶ 31,155 (2003), Order No. 2004, 68 FR 69,134 (Dec. 11, 2003).

totaling 265 miles in length. WGI's system has an average throughput of approximately 12,100 MMBtu per day, received entirely through separate interconnections with Northern Natural Gas Company ("Northern") and Colorado Interstate Gas Company ("CIG"), which are not affiliated with WGI in any way. There is no system storage, no compression, and no ability for customers to move gas from one pipeline segment to the other. All gas on the system is delivered directly to end-use customers or to municipalities or LDCs for local consumption.

Nominations for deliveries to WGI's system are actually made to the two interstate pipelines that supply WGI – Northern and CIG. Due to the absence of any capacity constraints on its system, WGI has authorized Northern and CIG to confirm automatically all nominations by its customers. During the more than seven years since the system has been operating under current management,^{2/} WGI has never been unable to schedule or confirm a firm or interruptible customer's nomination, and has not otherwise interrupted or curtailed service for operational or other reasons.

WGI has no employees of its own. All personnel are employees of WGI's affiliate, West Texas Gas, Inc. ("WTG"), which is engaged in the local distribution of natural gas in Texas and Oklahoma. WTG is a state regulated LDC that makes no off-system sales of gas. Other affiliates include a marketer (WTG Gas Marketing, Inc.), a Texas intrastate pipeline (WTG Gas Transmission Company), as well as natural gas processing operations (WTG Gas Processing, L.P. and Davis Gas Processing, Inc.). Transmission function employees spend five percent or less of their time on WGI's operations.

^{2/} The system was acquired in mid-1996 from Southern Union Gas Company. See *Western Gas Interstate Co., et al.*, 74 FERC ¶ 61,347 at 62,062, note 4 (1996).

B. WGI's Existing Standards of Conduct Waivers

WGI is currently operating under the Commission's standards of conduct promulgated in Order Nos. 497, *et seq.*, and codified in Part 161 of the regulations.^{3/} In Docket No. MG98-11-000, the Commission accepted WGI's filing to comply with these standards, waiving the requirements of 18 C.F.R. § 161.3(e), granting a partial waiver of the requirements of 18 C.F.R. § 161.3(f), and finding that WGI had separated the functions of its operating employees and marketing affiliate "to the maximum extent practicable," in accordance with 18 C.F.R. § 161.3(g). *Western Gas Interstate Co.*, 84 FERC ¶ 61,166 (1998). This latter finding was made even though WGI shares operating employees, including senior officers of the company, with its marketing affiliate. The partial waiver granted with respect to Section 161.3(f) requires WGI to contemporaneously disclose information related to transportation of natural gas it provides to its marketing affiliate, except for information that it receives from nonaffiliated shippers or potential nonaffiliated shippers. The Commission's order recognized WGI's small size and limited operations as the basis of these findings and waivers.

III. COMPLIANCE PLAN

WGI believes that it is generally in compliance with the requirements of Order No. 2004, except for the posting and training requirements, which will be completed by June 1, 2004. Although WGI shares employees with its energy affiliates, Order No. 2004 states that the Commission "will continue the exemptions and partial waivers for entities that have previously received exemptions and partial waivers" under Order No. 497. Order No. 2004 at ¶ 27. Because the Commission found that WGI and its marketing affiliate were operating independently to the

^{3/} Part 161 of the regulations was removed in Order No. 2004.

maximum extent practicable, it expressly allowed the sharing of operating employees and did not require complete separation of functions. Thus, no structural and/or organizational changes appear to be necessary.

WGI will develop written procedures and provide training regarding the requirements of Order No. 2004 to all of its employees, including those of its marketing and energy affiliates. As required by the rule, WGI is preparing comprehensive organizational charts and lists of the names and addresses of its sales and marketing units and energy affiliates. All materials will be posted on WGI's Internet website by June 1, 2004.

Although the cost of compliance with Order No. 2004 cannot be determined with certainty at this time, WGI does not expect training and compliance costs to exceed \$50,000.

Respectfully submitted,

WESTERN GAS INTERSTATE COMPANY

Sterling H. Smith
Law Offices of Sterling H. Smith
2900 Stratford Drive
Austin, TX 78746-4621
Tel: (512) 306-9487; Fax: (512) 306-9497

Attorney for Western Gas Interstate Company

February 9, 2004

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