

season solicited requests for capacity turnback, but received no offers to release capacity. Kern River also states that the expansion transportation agreements are subject to the applicable extended term (ET) rates under the ET rate program recently approved for future implementation on the Kern River system. Kern River estimates that the rolled-in effect of the proposed expansion will be an approximately 4 to 6 percent reduction in otherwise applicable rates for existing shippers, partially offset by an increase in fuel reimbursement obligations as a result of the added compression. It is indicated that, pursuant to a rate settlement obligation, Kern River will submit a timely compliance filing to adjust its rates effective with the in-service date of the expansion to reflect the beneficial impact of the expansion project.

It is also stated that the proposed California compressor station will have an electric motor-driven compression unit. To ensure recovery of the associated actual electric fuel costs from its shippers flowing gas through that point, Kern River proposes an electric compressor fuel surcharge under its tariff. It is indicated that, based on the stated assumptions for electricity costs, the initial surcharge is \$0.0051 per dt of service flowing through that station.

Kern River also states that the \$800,000 estimated cost to restage the existing compressor unit at the Fillmore Compressor Station will be expensed consistent with the FERC's Gas Plant Instructions in Part 201 of the Commission's Regulations. Kern River requests approval to amortize the restaging expense over 15 years, consistent with the contract terms applicable to most of the expansion capacity. It is also indicated that use of the approved ET rate levelization methodology for the proposed roll-in results in the new regulatory depreciation rates shown in Exhibit O of the application. Kern River requests that, since the total debt-related depreciation expenses still will be recovered over the primary terms of the service agreements, it should be permitted to continue accounting for the differences between its book depreciation and its regulatory depreciation as a regulatory asset or liability, with amortization over the primary terms of the underlying service agreements.

Kern River avers that the expansion shippers require service by May 1, 2002, in order to serve the fuel requirements of new and existing electric power generation facilities in California, and that the new facilities will require seven months to construct.

Questions regarding the details of this proposed project should be directed to Gary Kotter, Manager, Certificates, at (801)-584-7117, or in writing to his attention at Kern River Gas Transmission Company, P.O. Box 58900, Salt Lake City, Utah 84158.

There are two ways to become involved in the Commission's review of this project. First, any person wishing to obtain legal status by becoming a party to the proceedings for this project should, on or before December 13, 2000, file with the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426, a motion to intervene in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 385.214 or 385.211) and the Regulations under the NGA (18 CFR 157.10). A person obtaining party status will be placed on the service list maintained by the Secretary of the Commission and will receive copies of all documents filed by the applicant and by all other parties. A party must submit 14 copies of filings made with the Commission and must mail a copy to the applicant and to every other party in the proceeding. Only parties to the proceeding can ask for court review of Commission orders in the proceeding.

However, a person does not have to intervene in order to have comments considered. The second way to participate is by filing with the Secretary of the Commission, as soon as possible, an original and two copies of comments in support of or in opposition to this project. The Commission will consider these comments in determining the appropriate action to be taken, but the filing of a comment alone will not serve to make the filer a party to the proceeding. The Commission's rules require that persons filing comments in opposition to the project provide copies of their protests only to the party or parties directly involved in the protest.

Persons who wish to comment only on the environmental review of this project should submit an original and two copies of their comments to the Secretary of the Commission. Environmental commenters will be placed on the Commission's environmental mailing list, will receive copies of the environmental documents, and will be notified of meetings associated with the Commission's environmental review process. Environmental commenters will not be required to serve copies of filed documents on all other parties. However, the non-party commenters will not receive copies of all documents filed by other parties or issued by the

Commission (except for the mailing of environmental documents issued by the Commission) and will not have the right to seek court review of the Commission's final order.

The Commission may issue a preliminary determination on non-environmental issues prior to the completion of its review of the environmental aspects of the project. This preliminary determination typically considers such issues as the need for the project and its economic effect on existing customers of the applicant, on other pipelines in the area, and on landowners and communities. For example, the Commission considers the extent to which the applicant may need to exercise eminent domain to obtain rights-of-way for the proposed project and balances that against the non-environmental benefits to be provided by the project. Therefore, if a person has comments on community and landowner impacts from this proposal, it is important either to file comments or to intervene as early in the process as possible.

Comments and protests may be filed electronically via the internet in lieu of paper. See, 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site at <http://www.ferc.fed.us/efi/doorbell.htm>.

If the Commission decides to set the application for a formal hearing before an Administrative Law Judge, the Commission will issue another notice describing that process. At the end of the Commission's review process, a final Commission order approving or denying a certificate will be issued.

Linwood A. Watson, Jr.,

Acting Secretary.

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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket Nos. RP98-39-000 et al.]

Northern Natural Gas Company et al.; Notice of Summary Settlement on Kansas Ad Valorem Tax Refund Matters on Northern Natural Gas Company's System

November 24, 2000

In the matter of: GP98-5-000, GP98-8-000, GP98-12-000, GP98-14-000, GP98-20-000, GP98-22-000, GP98-24-000, GP98-26-000, GP98-30-000, GP99-15-000, GP99-16-000, GP99-17-000, GP99-18-000, SA98-8-000, SA98-10-000, SA98-16-000, SA98-18-000, SA98-20-000, SA98-22-000, SA98-32-000,

SA98-33-000, SA98-35-000, SA98-37-000, SA98-38-000, SA98-40-000, SA98-42-000, SA98-48-000, SA98-49-000, SA98-51-000, SA98-53-000, SA98-56-000, SA98-60-000, SA98-61-000, SA98-64-000, SA98-65-000, SA98-72-000, SA98-76-000, SA98-80-000, SA98-83-000, SA98-91-000, SA98-92-000, SA98-93-000, SA98-97-000, SA98-101-000, SA99-4-000, SA99-5-000, SA99-6-000, SA99-18-000, SA99-23-000, SA99-26-000; Mobil Oil Corporation, OXY USA Inc., Amoco Production Company, Anadarko Petroleum Corporation, Union Pacific Resources Company, Kansas Natural Gas Inc., Bill C. Romig, ONEOK Resources Company, Barbara J. Wilson *et al.*, Burlington Resources Oil & Gas Co., Strohs, Strohs, Kansas Independent Oil & Gas Assn., Ensign Oil & Gas Inc., Helmerich & Payne, Inc., Midgard Energy Company, Riviera Drilling & Exploration Co., Dale Schwarzhoff, Sally L. Bone, Kaiser—Francis Oil Company, Pioneer Natural Resources USA, Inc., Lee Banks, d/b/a Banks Oil Company, Pickrell Drilling Co., Inc., John W. Lebosquest, Hummon Corporation, Leo B. Helzel, Graham-Miochaelis Drilling Company, Kansas Petroleum, Inc., Benson Mineral Group, Inc., First National Oil Company, Louis & Bruce F. Welner, R. J. Patrick Operating Company, Pickrell Drilling Company, Inc., John O. Farmer Inc., Edwin A. Cornell, Hummon Corporation, Trees Oil Company, Beren Corporation, Broadhurst Operating Limited, Partnership No. 2, Broadhurst Operating Limited Partnership No. 3, Ralph Howard, Inc., Eastman Dillon Oil & Gas Assoc., IMC Global, Inc., Continental Energy, Questa Energy Corp., Argent Energy, Inc., Harken Energy Corporation, Chevron U.S.A. Inc., Atlantic Richfield Company, Texaco Exploration and Production, Inc.

Published here is a summary of the settlement filed by Northern on November 20, 2000. The settlement addresses Kansas *ad valorem* tax refund matters on Northern's system.

Pursuant to Rule 602(c)(1)(ii) of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (Commission), 18 CFR Section 385.602, Northern Natural Gas Company (Northern) hereby submits an Explanatory Statement with respect to the Stipulation and Agreement of Settlement (hereinafter Settlement). This statement is a summary only. The terms of the Settlement are authoritative as to the intent and the agreement of the parties.

This Settlement is intended to facilitate and expedite the Commission's implementation of the decision of the United States Court of Appeals for the District of Columbia circuit in *Public Service Company of Colorado v. FERC*, involving the refund of Kansas *ad valorem* taxes on Northern's system. In Public Service, the court upheld the Commission's decision that producers must refund certain Kansas *ad valorem* tax reimbursements that were collected

in excess of the maximum lawful prices (MLP) for first sales of natural gas under Title I of the Natural Gas Policy Act of 1978. On September 10, 1997, the Commission issued an order implementing Public Service. The September 10 order established procedures and timetables for producers to make refunds to the pipelines, and for the pipelines to flow the refunds through to their customers.

To comply with the September 10 Order, Northern sent Statements of Refunds Due to producers in November 1997. Subsequently, Northern received additional information affecting the refund liability of individual working interest owners. As a result, Northern has made various revisions to its original Statements of Refunds Due. Many of the working interest owners have challenged Northern's Statements of Refunds Due in formal filings with the Commission, raising a number of issues, including headroom (*i.e.* whether the price paid by Northern and the tax reimbursement, taken together, exceeded the applicable MLP), the allocation of refund claims among working interest owners, the uncollectability of royalty related refunds, and other objections.

This Settlement is a reasonable means of helping resolve the difficult Kansas *ad valorem* tax refund matters currently before the Commission. This Settlement will eliminate the need for more lengthy proceedings, either formal or informal. Approval of this Settlement will provide relief to small producers, reduce the administrative burdens on the Commission, its Staff, Northern, first sellers and numerous interest owners and intervenors, of litigating countless proceedings before the Commission that involve many complex issues. All parties, as well as the public interest would benefit from the termination of numerous petitions for relief under Section 502(c) of the NGPA pending before the Commission.

Exhibit No. 1 contains the Deceased Estates and Bankruptcies. Exhibit Nos. 2 and 3 contain lists of large producers and small producers, respectively, who have a refund obligation pursuant to the settlement and have paid on or before December 1, 2000. Exhibit No. 4 contains a list of small producers with total refund claims of less than \$50,000. No further action is required if a Small Producer under \$50,000 accepts this settlement. Parties may access these exhibits through the Commission's

website at www.ferc.fed.us or contact the Secretary's Office at 202-208-0400.

Linwood A. Watson, Jr.,

Acting Secretary.

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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP99-599-002]

Paiute Pipeline Company; Notice of Application

November 24, 2000.

Take notice that on October 31, 2000, Paiute Pipeline Company (Paiute) tendered for filing as part of its FERC Gas Tariff, Second Revised Volume No. 1-A, the following tariff sheets, to become effective November 1, 2000:

Ninth Revised Sheet No. 10
Fourth Revised Sheet No. 21
Second Revised Sheet No. 22
Ninth Revised Sheet No. 161

Paiute states that the purpose of this filing is to comply with the Commission's order issued June 30, 2000 in Docket Nos. CP99-599-000, *et al.*

Paiute states that the Commission's order, among other things, authorized Paiute to construct and operate certain pipeline loop and replacement pipeline facilities, referred to as the Carson Lateral Project. Paiute indicates that the Commission's order authorized Paiute to recover a portion of the cost of service associated with the construction project by means of an incremental facilities surcharge to be assessed to Southwest Gas Corporation-Northern Nevada. By its filing, Paiute proposes to establish the initial incremental facilities surcharge. Paiute requests that its proposed incremental rate and tariff sheets be permitted to become effective on November 1, 2000, following the inservice date of the completed construction project.

Any person desiring to be heard or to make any protest with reference to said application should on or before Dec. 15, 2000, file with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, a motion to intervene or a protest in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 385.214 or 385.211) and the Regulations under the Natural Gas Act (18 CFR 157.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will