

See article on  
Monroe Gas  
Storage on  
Page 2.

## Black Hills expects smooth regulatory review of Aquila LDC deal

by [Mark Hand](#)

Black Hills Corp.'s proposed acquisition of gas and electric utility assets from Aquila Inc. in four states represents a "huge increase in scale and scope in our utility operations," company Chairman, President and CEO David Emery said during a Feb. 8 conference call.

The Rapid City, S.D.-based company plans to acquire Aquila's gas and electric utility operations in Colorado, as well as Aquila's gas utility assets in Kansas,

Nebraska and Iowa, for a total of \$940 million in cash.

Once the deal closes, Black Hills will grow from a company with 137,000 electric and gas utility customers to one with 753,000 utility customers. Through the acquisition, Black Hills will add 523,000 gas customers in the four states and 93,000 electric customers in Colorado. Currently, Black Hills serves 104,000 electric and 33,000 gas customers in South Dakota,

Wyoming and Montana.

With the new gas utility assets, Black Hills expects to see annual natural gas sales at its utility subsidiaries totaling 83 Bcf. The company's current annual gas utility sales total only 8.1 Bcf.

The utility assets in the four states "fit Black Hills extremely well — similar customer demographics, business cultures, a high emphasis on community involvement by the utility serving the community, good

Continued on p 9

### In this Issue

[Click on headline to advance story](#)

**AGA urges Congress to reject Bush's proposed depreciation lengthening**

**National Fuel first-quarter, FY' 07 earnings down due to weather**

**Economist claims NorthWestern buyer would fund investors from ratepayers**

**Washington regulators approve Avista gas revenue decoupling pilot program**

**Prospects for Alaska pipeline application grow 'more remote,' FERC reports**

**Anadarko writes off investment in Nova Scotia LNG terminal project**

### Departments

[Click on department for more info](#)

[Financial](#)

[Rates](#)

[Transportation](#)

[Markets](#)

## Midwest, mid-Atlantic gas utilities deliver record volumes during cold spell

by [Toni DeSalvo](#)

Several natural gas utility companies are reporting record sendout during the cold snap gripping service territories east of the Rocky Mountains, while many others are experiencing spikes in usage.

CenterPoint Energy Inc. estimated that its Minnesota customers set usage records on consecutive days. On Feb. 3, CenterPoint's Minnesota customers used an estimated 1.233 Bcf, followed by an estimated 1.238 Bcf on Feb. 4.

The previous throughput record of 1.194 Bcf was set on Jan. 29, 2004, CenterPoint

Energy spokesman Rolf Lund said. On Feb. 5, the company's throughput dropped slightly to 1.152 Bcf.

CenterPoint, the largest gas utility in Minnesota, serves more than 778,000 customers in 259 communities in the state.

Minnesota-based Xcel Energy Inc. spokeswoman Patty Nystuen said the company saw an increase in load in its Minnesota service territory due to the weather, "but nowhere near record levels." Xcel Energy serves about 420,000 gas customers in Minnesota.

Continued on p 8

## Project shakeout roils Midcontinent pipeline market; Rockies Express rolls on

by [Hill Vaden](#)

CenterPoint Energy Gas Transmission Co. and Spectra Energy Corp. on Jan. 31 responded to a disinterested market and scrapped plans for their jointly proposed 1,600-mile Mid-Continent Crossing Pipeline. It was the third such pipeline project to hit the skids since October 2006, when El Paso Corp. kicked things off by indefinitely tabling its 700-mile Continental Connector.

A 560-mile Midcontinent joint venture of ONEOK Inc., Energy Transfer Partners LP

and Boardwalk Pipeline Partners LP was also canceled.

The announcements come in response to an excited gas pipeline sector that in 2006 noticed overwhelming market enthusiasm for the more than 1,300-mile Rockies Express Pipeline LLC, which was designed to move a surplus of low-priced Rocky Mountain gas to higher-priced Northeast markets. Pipeline builders — both alone and through joint ventures — hurriedly proposed their own projects, most of them

amount, and the maximum inventory from summer 2004 to the present was 18.128 Bcf, or about 16% less than what is authorized.

"Southwest is able to cycle only 3.5 Bcf of the current operating maximum level of 6.5 Bcf of working storage inventory," the company said. "The other 3 Bcf of gas in the reservoir is currently being utilized as base gas to sustain the working capacity of this field."

The company hopes to revise its certificated total capacity to 18.1 Bcf and certificated working gas capacity to 3.5 Bcf.

Southwest Gas also wants approval to acquire from a third-party storage facility 6.5 Bcf of storage capacity in order to meet contractual obligations to fellow Southern Union affiliate and immediate parent Panhandle Eastern Pipe Line Co. LP.

"Due to the unavailability of storage capacity in Kansas, Oklahoma and the Texas Panhandle, Southwest anticipates acquiring storage service in the Texas and Louisiana Gulf Coast," the company said in its application. "Southwest will also acquire transportation capacity to make the storage capacity available to its customer" (PF07-69)

**COMPANIES REFERENCED IN THIS ARTICLE:**

[Southwest Gas Storage Co.](#)

[Panhandle Eastern Pipe Line Co. LP](#)

[Southern Union Co.](#)

SUG

[Click to view the application of 01/26/07 for Southwest Gas Storage Company.](#)

[E-mail this story.](#)

**Foothills Energy Ventures develops Mississippi gas storage facility**

by [Susan Nelson](#)

Foothills Energy Ventures LLC plans to develop a 4 Bcf-to-6 Bcf natural gas storage facility in a depleted gas reservoir field near the town of Amory in northeastern Mississippi.

The facility, which will have four cycles a year, will connect through a five-mile pipeline to Texas Eastern Transmission LP's system, downstream of a traditional bottleneck area on the interstate pipeline system at Kosciusko, Miss., the company said.

Foothills Energy Ventures plans to file a certificate application with FERC in April, begin construction in October and bring the facility into operation during the second quarter of 2008, Foothills Energy Ventures President and CEO Brian Bierbach told SNL Energy.

Currently, the company is marketing the facility to LDCs, gas producers, energy marketers and LNG import facility owners. "We know that LNG facilities are looking for storage," Bierbach said.

The company is evaluating the feasibility of later constructing another pipeline of 16 miles that would connect the storage facility to Tennessee Gas Pipeline Co.'s system.

Foothills Energy Ventures bought the depleted reservoir gas storage field from Four Mile Creek Gas Storage LLC in October

2006 and has completed due diligence and engineering work on the project, the company said.

**COMPANIES REFERENCED IN THIS ARTICLE:**

[Texas Eastern Transmission LP](#)

[Tennessee Gas Pipeline Co.](#)

[E-mail this story.](#)

**Gateway Energy reaches deal to transport gas from Galveston Bay**

by [Mark Hand](#)

Gateway Energy Corp. said Feb. 1 that its subsidiary, Gateway Offshore Pipeline Co., has reached an agreement with a natural gas producer to transport all of the company's gas produced from a state lease located in Galveston Bay in Texas state waters through Gateway Offshore's Bolivar Gathering System.

The company noted that the agreement marks the second producing well to connect to its Bolivar system in the past two months. "The company continues to see increased activity and interest near our offshore pipeline systems, both in Galveston Bay and the Gulf of Mexico," Gateway Energy President and CEO Robert Panico said in a statement.

The company said Gateway Offshore began transporting gas for the producer in early January 2007. It declined to name the production companies involved in the two gathering agreements.

Houston-based Gateway Energy owns and operates about 800 miles of gas-gathering, transportation and distribution systems and related facilities in Texas and Oklahoma and offshore in Texas and federal waters of the Gulf of Mexico.

**COMPANY REFERENCED IN THIS ARTICLE:**

[Gateway Energy Corp.](#)

GNRG

[E-mail this story.](#)

**Pacific Connector solicits interest in LNG terminal-linked pipeline system**

by [Susan Nelson](#)

Pacific Connector Gas Pipeline LP is holding an open season for firm transportation capacity on a proposed 231-mile gas pipeline system between the proposed Jordan Cove LNG terminal near Coos Bay, Ore., and a major pipeline hub in Malin, Ore.

The company expects to file a certificate application with FERC early in the second quarter of 2007 and bring the pipeline into service during the fourth quarter of 2011.

The 36-inch-diameter pipeline will be designed to deliver 1 Bcf/d to West Coast and Nevada markets by way of a number of possible pipeline interconnections, including with Williams Cos. Inc.'s Northwest Pipeline Corp. near Myrtle Creek, Ore., Pacific Gas and Electric Co.'s gas transmission system, Tuscarora Gas Transmission Co.'s system, and Gas Transmission Northwest Corp.'s system.