

FEDERAL ENERGY REGULATORY COMMISSION
Washington, D.C. 20426

Issued April 13, 2006

In Reply Refer To:
Lee 8 Storage Partnership
Docket Nos. PR06-2-000 and
PR06-2-001

Lee 8 Storage Partnership
c/o Panhandle Eastern Pipe Line Company, LP
5444 Westheimer Road
Houston, TX 77056

Attention: William W. Grygar,
Agent for Lee 8 Storage Partnership

Reference: Stipulation and Agreement

Dear Mr. Grygar:

1. The Stipulation and Agreement (Settlement) filed by Lee 8 Storage Partnership (Lee 8) on March 22, 2006, reasonably resolves all rate issues with regard to the rate petition made by Lee 8 on November 15, 2005. The Settlement produces fair and equitable storage rates, and therefore, is approved.
2. The following is a summary of the major provisions of the Settlement.
 - a. Effective November 15, 2005, the fair and equitable rates for firm storage service pursuant to the Natural Gas Policy Act of 1978 (NGPA) section 311 shall consist of a maximum deliverability charge of \$3.1307 per MMBtu per month and a maximum capacity charge of \$0.0313 per MMBtu per month. The maximum rate for interruptible storage service shall be \$0.1342 per MMBtu. In-kind fuel reimbursement shall be 0.37 percent, assessed against both injections and withdrawals.
 - b. Lee 8 agrees to file a petition for rate approval with rates to be effective no later than November 15, 2008.

- c. Within 60 days from the date the Commission issues an order approving, without modification or condition, all terms of the Settlement, Lee 8 will refund, with interest as determined in accordance with 18 C.F.R. § 154.501(d) (2005), any amount it has collected above the rates specified in section 2(a), above, on or after November 15, 2005.
 - d. The provisions of the Settlement shall not become effective unless and until the Commission issues an order approving all terms and conditions of the Settlement without modification or condition, and such order becomes final by no longer being subject to further proceeding before the Commission.
 - e. The Settlement represents a negotiated agreement of the issues in this proceeding. Neither the Commission, its Staff, nor any other party shall be deemed to have approved, accepted, agreed, or otherwise consented to any accounting/rate making principle or methodology in this proceeding.
3. The Settlement was filed pursuant to Rule 602(f)(2) of the Commission's rules of Practice and Procedure, 18 C.F.R. § 385.602(f)(2) (2005). A shortened comment period was established with initial comments to be filed on or before March 28, 2006, and reply comments to be filed on or before April 4, 2006. No adverse comments or protests were filed.
4. This letter order does not relieve Lee 8 of its obligations to file the required reports under Part 284 of the Commission's regulations. The Commission's approval of this Settlement does not constitute a precedent regarding any principle or issue in this proceeding.

By direction of the Commission. Commissioner Brownell concurring with a separate attached statement.

(S E A L)

Magalie R. Salas,
Secretary.

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Lee 8 Storage Partnership

Docket Nos. PR06-2-000
and PR06-2-001

(Issued April 13, 2006)

Nora Mead BROWNELL, Commissioner *concurring*:

For the reasons set forth in Green Canyon Pipe Line Company, L.P., 98 FERC ¶ 61,041 (2002), I would not impose a triennial rate approval requirement on Section 311 pipelines. Here, the company has agreed to make a triennial rate filing as part of an overall settlement. Therefore, I agree with the result of this order, which is to approve an uncontested settlement.

Nora Mead Brownell