

127 FERC ¶ 61,026  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

April 6, 2009

In Reply Refer To:  
Chandeleur Pipe Line Company  
Docket No. RP09-435-000

Chandeleur Pipe Line Company  
c/o Chevron Pipe Line Company  
4800 Fournace Place  
Bellaire, TX 77401

Attention: Mary Anne Collins, Regulatory Manager

Reference: Petition and Offer of Settlement and Stipulation and Agreement

Ladies and Gentlemen:

1. On March 4, 2009, pursuant to Rule 207(a)(5),<sup>1</sup> Chandeleur Pipe Line Company (Chandeleur) submitted for filing a Petition For Approval Of Settlement (Petition) and an uncontested Offer of Settlement and Stipulation and Agreement (Settlement) to comply with a previous rate case settlement filing requirement. Chandeleur included a *pro forma* tariff sheet<sup>2</sup> containing the Settlement rates. As discussed below, the Commission finds that the proposed Settlement complies with Chandeleur's filing obligation under the previous settlement and is fair, reasonable, and in the public interest. Accordingly, the Commission accepts the Settlement and directs Chandeleur to file, within 10 days of this order, an actual tariff sheet that is identical to the *pro forma* tariff sheet, to be effective April 1, 2009.

2. Chandeleur's previous general section 4 rate proceeding was initiated on September 30, 2003, when Chandeleur filed a tariff sheet pursuant to Natural Gas Act

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<sup>1</sup> 18 C.F.R. § 385.207(a)(5) (2008).

<sup>2</sup> Twenty-Fifth Revised Sheet No. 5, to its FERC Gas Tariff, *Pro Forma* Second Revised Volume No. 1.

(NGA) section 4 to implement a general rate increase in Docket No. RP03-625-000. On October 31, 2003, the Commission accepted and suspended Chandeaur's tariff sheet to be effective April 1, 2004, subject to refund.<sup>3</sup> On March 15, 2004, Chandeaur filed an Offer of Settlement and Stipulation and Agreement (2003 Settlement) that resolved all issues in that rate case. On April 16, 2004, the Commission approved the 2003 Settlement, to be effective April 1, 2004.<sup>4</sup> As a condition of the 2003 Settlement, Chandeaur agreed to make and support a general rate filing under NGA section 4 proposing rates to be effective no later than April 1, 2009.<sup>5</sup>

3. Chandeaur states that it is submitting the instant Settlement in lieu of the NGA section 4 general rate filing that the 2003 Settlement Agreement requires. In support, Chandeaur notes that it is the Commission's long-standing policy to encourage pipelines and their customers to resolve rate and tariff matters informally, before making formal filings with the Commission, inasmuch as such a practice enables the prompt, efficient resolution of matters for the benefit of all concerned, without the expense of a hearing and lengthy litigation.<sup>6</sup> Chandeaur states that the Settlement represents the product of discussions and extensive negotiations with its customers,<sup>7</sup> has the full support of the largest shipper on its system<sup>8</sup> and, to its knowledge, is not opposed by any of its active shippers.

4. Chandeaur states that the Settlement modifies its existing rates based on current conditions thereby providing for rate certainty for the next five years. Articles I and II provide background information on the pipeline and the procedural history leading to the

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<sup>3</sup> *Chandeaur Pipe Line Co.*, 105 FERC ¶ 61,168 (2003).

<sup>4</sup> *Chandeaur Pipe Line Co.*, 107 FERC ¶ 61,049 (2004).

<sup>5</sup> *Id.*, P 2.

<sup>6</sup> *Citing Discovery Gas Transmission LLC*, 122 FERC ¶ 61,099, at P 25 (2008) ("The settlement provides rate certainty in the form of a rate moratorium...and was accomplished in lieu of contentious proceedings before the Commission."). Chandeaur Petition at 2.

<sup>7</sup> Chandeaur states that it held meetings to discuss the proposed filing and the associated changes in rates with shippers and interested parties on January 28, 2009, February 4, 2009, and February 17, 2009. Chandeaur Petition at 3 n.4.

<sup>8</sup> Chandeaur states that Chevron Natural Gas represents in excess of 95 percent of the total throughput on the system during the test period, and in excess of 75 percent of the contracted-for firm transportation.

settlement. Article III of the 2009 Settlement provides that the overall cost-of-service (COS) underlying the Settlement rates has been determined on a negotiated, "black box" basis, determined on a traditional COS rate methodology, using depreciation rates of 1.70 percent for transmission plant and .54 percent for negative salvage. Article IV of the Settlement provides that transportation rates designed utilizing a straight fixed-variable (SFV) cost allocation and rate design. Articles V and VI provide that the Settlement rates are to become effective April 1, 2009, and that Chandeaur may not make any further NGA section 4 rate filings that would become effective prior to April 1, 2014. Articles VII, VIII, IX, and X describe the standard conditions under which the Settlement was negotiated and under which it is to become effective.

5. Notice of Chandeaur's filing was issued on March 10, 2009. Interventions and protests were due March 16, 2009, as provided by section 154.210 of the Commission's regulations. Pursuant to Rule 214,<sup>9</sup> all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt this proceeding or place additional burdens on existing parties. No protests or adverse comments were filed. Accordingly, the Settlement is uncontested.

6. The Commission may approve an uncontested settlement upon a finding that the settlement "appears to be fair and reasonable and in the public interest."<sup>10</sup> Thus, the Commission need not find an uncontested settlement to be "just and reasonable." Consistent with the Commission's guidance for settlement outside the context of an existing proceeding as set forth in *Dominion*,<sup>11</sup> the agreement resolves rate issues without a hearing and lengthy litigation. The Commission explained in *Dominion* that when a pipeline negotiates an agreement with its customers and others to change its rates or terms and conditions of service, and it desires approval of the agreement before making an actual NGA section 4 tariff filing, it may file, pursuant to Rule 207(a)(5),<sup>12</sup> a petition for approval of the agreement, along with *pro forma* tariff sheets reflecting how the agreement will be implemented.<sup>13</sup> This is the procedure Chandeaur has followed here.

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<sup>9</sup> 18 C.F.R. § 385.214 (2008).

<sup>10</sup> 18 C.F.R. § 385.602(g)(3) (2008).

<sup>11</sup> *Dominion Transmission, Inc.*, 111 FERC ¶ 61,285 (2005) (*Dominion*).

<sup>12</sup> 18 C.F.R. §385.207(a)(5) (2008).

<sup>13</sup> *Dominion*, at P 32.

7. The Commission finds that the proposed Settlement complies with Chandeaur's filing obligations under the 2003 Settlement and appears to be fair and reasonable and in the public interest. Accordingly the Settlement is hereby approved, to be effective April 1, 2009, pursuant to its terms. The Commission's approval of this Settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding. This letter order does not relieve Chandeaur of its obligations to file the required reports under Part 284 of the Commission's regulations.

8. Consistent with the Settlement, the Commission directs Chandeaur to file an actual tariff sheet identical to the *pro forma* tariff sheet within 10 days of this order. The Commission will treat such a filing as a filing to comply with this order approving the Settlement, and the Commission will place the tariff sheet properly implementing the 2009 Settlement, as approved, into effect on the date provided for in the agreement, April 1, 2009.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.