June 20, 2005

In Reply Refer To:
Jefferson Island Storage & Hub, L.L.C.
Docket Nos. PR05-9-000
and PR05-9-001

Jefferson Island Storage & Hub L.L.C.
21st Floor, Pan American Life Center
601 Poydras Street
New Orleans, LA  70130

Attention: Shannon Omia Pierce
Counsel for Jefferson Island Storage & Hub, L.L.C.

Reference: Stipulation and Agreement

Ladies and Gentlemen:

1. The Stipulation and Agreement (Settlement) filed by Jefferson Island Storage & Hub, L.L.C. (Jefferson Island) on May 26, 2005, reasonably resolves the issues in this proceeding, produces fair and equitable rates, and is therefore approved. This order benefits Jefferson Island’s current and potential shippers by affording them transportation services at fair and equitable rates.

2. The following is a summary of the major provisions of the Settlement:

   a. Effective January 15, 2005, the maximum fair and equitable rate for NGPA section 311 transportation services performed on Jefferson Island’s intrastate pipeline system is a maximum interruptible rate of $0.0630 per MMBtu. Jefferson Island shall be authorized to retain gas from shippers equal to two-percent (2%) of receipts to compensate Jefferson Island for compressor fuel, company use and unaccounted-for gas, effective January 15, 2005.
b. The provisions of the Settlement shall not become effective unless and until the Commission issues an order accepting and approving all terms and conditions of the Settlement and such order becomes final and no longer subject to rehearing.

c. Jefferson Island agrees to file a rate petition under section 311 of the NGPA on or before January 15, 2008 to allow the Commission to determine whether Jefferson Island’s transportation rates remain fair and equitable.

d. Jefferson Island represents that it has not charged rates in excess of those rates specified in 2.a above subsequent to January 15, 2005 for NGPA section 311 service performed on its system. Accordingly, no refund are due.

3. Initial comments on the Settlement were due by June 6, 2005, and reply comments were due by June 10, 2005. No comments were received.

4. This letter order does not relieve Jefferson Island 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 precedent regarding any principle or issue in this proceeding.

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

Magalie R. Salas,
Secretary.
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 pipeline 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.