

125 FERC ¶ 61,251  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

December 2, 2008

In Reply Refer to:  
Docket No. RP08-257-000

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Attn: Anita Wilson, Esq.  
Attorney for Saltville Gas Storage Company L.L.C.

Reference: Saltville Gas Storage Company L.L.C.  
Docket No. RP08-257-000

Dear Ms. Wilson:

1. On October 7, 2008, Saltville Gas Storage Company L.L.C. (Saltville) filed a Stipulation and Agreement (Offer of Settlement). The Offer of Settlement comprehensively resolves all issues set for hearing in this proceeding. Commission Trial Staff, Saltville, and East Tennessee Group filed initial comments in support of the Offer of Settlement. No reply comments were filed. The Presiding Administrative Law Judge certified the Offer of Settlement to the Commission as uncontested on October 29, 2008.<sup>1</sup>

2. Section 1.1 of the Offer of Settlement provides that it will be deemed effective on the first day of the first month following the date on which the Commission issues a final order approving the Offer of Settlement without modification or condition (Effective Date). An order will be considered final if, after 30 days elapse from the issuance of the order, no requests for rehearing have been filed. The Settlement Rates set forth in the Offer of Settlement (Settlement Rates) will become effective September 1, 2008.

3. Section 1.2 establishes a timeline for Saltville to provide monetary and in-kind fuel refunds. Monetary refunds to customers for differences between payments made

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<sup>1</sup> *Saltville Gas Storage Company L.L.C.*, 125 FERC ¶ 63,007 (2008).

under the recourse reservation rates moved into effect on September 1, 2008 (or any payments made under discount recourse rates that exceed the applicable Settlement Rates) (Filed Rates) and payments those customers would have made pursuant to the Settlement Rates, from September 1, 2008, until the Effective Date (Refund Period) will be made by Saltville within 45 days following the Effective Date. In-kind fuel refunds to customers for the difference between fuel payments made under the Filed Rates and fuel payments customers would have made under the Settlement Rates during the Refund Period will be made by Saltville within 10 days of the Effective Date.

4. Section 1.3 establishes the Settlement Rates for storage services provided under Rate Schedules Firm Storage Service (FSS), Interruptible Storage Service (ISS), Interruptible Park Service (IPS), and Interruptible Loan Service (ILS), including a separately-stated, in-kind fuel retainage percentage for each service. The Settlement Rates are reflected in the *pro forma* tariff sheets attached to the Offer of Settlement as Schedule 1.

5. Section 1.4 provides that the depreciation rates for transmission facilities and general and intangible plant stated in Saltville's March 4, 2008 rate filing will remain effective.

6. Section 1.5 establishes a moratorium period until October 1, 2011, during which Saltville may not file a section 4 rate case and that no other party may make a section 5 filing which: (1) changes Saltville's rates, including fuel retainage percentages; (2) seeks to recover electric power costs; or (3) implements any new surcharge for costs included in the Settlement Rates.

7. Section 1.6 provides that, in the event no rate case has been filed prior to October 1, 2013, Saltville will file a rate case on October 1, 2013, with rates to be effective, after a five-month suspension period, on or before April 1, 2014. If Saltville's rate case will reflect a rate decrease, the Offer of Settlement provides that Saltville may submit its filing on or before March 1, 2014.

8. Article II provides terms governing the interpretation of the Offer of Settlement and the participants' rights and obligations under the Offer of Settlement.

9. Article III sets forth the effects of Commission approval of the Offer of Settlement, including termination of this proceeding.

10. The Offer of Settlement is fair and reasonable and in the public interest and is hereby approved. The Commission retains the right to investigate the rates, terms and conditions under the just and reasonable and not unduly discriminatory or preferential standard of section 5 of the Natural Gas Act, 15 U.S.C. § 717d (2006). Commission

approval of the Offer of Settlement does not constitute approval of, or precedent regarding, any principle or issue involved in this proceeding.

11. This Letter Order terminates Docket No. RP08-257-000.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.

cc: All Participants