

134 FERC ¶ 61,253  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

March 30, 2011

In Reply Refer To:  
Pine Needle LNG Company, LLC  
Docket No. RP10-1284-000

Pine Needle LNG Company, LLC  
2800 Post Oak Boulevard  
P.O. Box 1396  
Houston, TX 77251-1396

Attention: Stephen A. Hatridge, Attorney

Reference: Petition for Approval of Stipulation and Agreement

Ladies and Gentlemen:

1. On September 9, 2010, pursuant to Rule 207(a)(5),<sup>1</sup> Pine Needle LNG Company, LLC (Pine Needle) submitted a petition for approval of an uncontested Stipulation and Agreement (Settlement) to comply with a previous rate case settlement filing requirement. Pine Needle included *pro forma* tariff sections containing the Settlement rates, as well as several changes to its General Terms and Conditions (GT&C). As discussed below, the Commission finds that the proposed Settlement complies with Pine Needle's filing obligation under the previous settlement and is fair, reasonable, and in the public interest. Accordingly, the Commission accepts the Settlement and directs Pine Needle to file, within 10 days of this order, actual tariff sections that are identical to the *pro forma* tariff sections, to be effective, as discussed below.

2. Pine Needle's previous rate proceeding was initiated on May 1, 2006, when it filed revised tariff sheets pursuant to Natural Gas Act (NGA) section 4 in Docket No. RP06-336-000. On February 6, 2007, the Commission approved a settlement that, among other things, required Pine Needle to file a general rate case under NGA section 4 no later than

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<sup>1</sup> 18 C.F.R. § 385.207(a)(5) (2010).

August 31, 2010 (Docket No. RP06-336 Settlement).<sup>2</sup> On July 16, 2010, Pine Needle filed a motion to amend the Docket No. RP06-336 Settlement by changing the August 31, 2010 deadline to October 31, 2010. The Commission approved the amendment on August 9, 2010.<sup>3</sup>

3. Pine Needle filed the instant Settlement in lieu of the NGA section 4 general rate filing required by the RP06-336 Settlement as amended. Pine Needle states that its customer group, consisting of Piedmont Natural Gas Company, Inc. (Piedmont), Public Service Company of North Carolina, Inc., Washington Gas Light Company and the Municipal Gas Authority of Georgia (Gas Authority) (collectively, the Settling Parties) have reached this agreement to settle all aspects of Pine Needle's rate case filing obligation. Pine Needle further states that the representatives of the North Carolina Utilities Commission (NCUC) have represented that the NCUC will not oppose the settlement.

4. The Settlement provides for a total cost of service of \$14,650,456, which shall be effective the first day of the first month commencing after the Commission issues an Order approving the Settlement. The Settlement cost of service is subject to adjustment pursuant to the limited section 4 filing permitted by the Settlement discussed below and excludes Pine Needle's electric power cost which is tracked in Pine Needle's rates pursuant to its Tariff. The Settlement cost of service includes total operation and maintenance expenses and administrative and general costs of \$2,844,058.

5. Appendix B of the Settlement contains the *pro forma* tariff sections reflecting revised rates for the Base Rate, Total Rate, and Authorized Excess Vaporization Charge under Rate Schedule LNG-1 and a revised Commodity Rate under Rate Schedule LNG-2. Those rates are lower than Pine Needle's existing rates.

6. Section E of the Settlement provides that Pine Needle will file a general NGA section 4 rate case no later than March 1, 2014, if it has not made the limited section 4 filing pursuant to the Settlement, and will not file a general section 4 rate case prior to May 1, 2013. Section E also provides that "during the period from the Settlement's effective date until March 1, 2014, the Settling Parties agree not to file or cause to be filed with the Commission any pleading under NGA section 5 relating to the Settlement rates and agree not to support any section 5 proceeding initiated by any other party."

7. The Settlement provides that Pine Needle shall have the right to make a limited NGA section 4 rate filing to seek to recover in its rates all costs associated with capital

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<sup>2</sup> *Pine Needle LNG Company, LLC*, 118 FERC ¶ 61,078 (2007).

<sup>3</sup> *Pine Needle LNG Company, LLC*, 132 FERC ¶ 61,113 (2010).

investment required to alleviate gas quality issues, including but not limited to the purchase and installation of a larger molecular sieve. Pine Needle agrees to use reasonable efforts to complete the installation of such facilities by May 1, 2013. The Settlement includes revisions to the gas quality provisions and provides that Pine Needle, as part of the limited section 4 filing, shall file to revise section 3(c)(vi) of the GT&C to change the current carbon dioxide limit of one and one-tenths mole percent to two mole percent.

8. Finally, the Settlement provides that it shall become effective on the first day of the first month commencing after the Commission issues an order approving the Settlement without material modification.

9. Notice of Pine Needle's filing was issued on September 10, 2010. Comments were due on September 21, 2010. Comments in support of the Settlement were filed by Piedmont and Gas Authority. No party filed comments in opposition. Accordingly, the Settlement is uncontested.

10. 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>4</sup> The Commission finds that the proposed Settlement complies with Pine Needle's filing obligations under the RP06-336 Settlement as amended and appears to be fair and reasonable and in the public interest. Moreover, the Settlement resolves rate issues without a hearing and lengthy litigation, consistent with the Commission's guidance for settlements outside the context of an existing proceeding.<sup>5</sup> Accordingly, the Settlement is hereby approved, effective pursuant to the terms of the Settlement. 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 Pine Needle of its obligations to file the required reports under Part 284 of the Commission's regulations.

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<sup>4</sup> 18 C.F.R. § 385.602(g)(3) (2010).

<sup>5</sup> *Dominion Transmission, Inc.*, 111 FERC ¶ 61,285 (2005) (*Dominion*). Because Pine Needle seeks approval of a settlement before making an actual section 4 tariff filing, the Settlement is necessarily submitted pursuant to section 385.207(a)(5), consistent with the guidelines in *Dominion*, rather than section 385.602(a) which applies to settlements filed in proceedings pending before or set for hearing by the Commission.

11. Consistent with the Settlement, the Commission directs Pine Needle to file, in eTariff format, actual tariff sections identical to the Settlement's *pro forma* tariff sections 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 sections properly implementing the Settlement, as approved, into effect consistent with the Settlement.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.