

146 FERC ¶ 61,067  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

February 5, 2014

In Reply Refer to:  
Saltville Gas Storage Company L.L.C.  
Docket No. RP14-251-000

Saltville Gas Storage Company L.L.C.  
5400 Westheimer Court  
Houston, TX 77056

Attention: Christine M. Pallenik, Esq.  
Associate General Counsel

Dear Ms. Pallenik:

1. On December 4, 2013, Saltville Gas Storage Company L.L.C. (Saltville) filed a petition for approval of an Uncontested Stipulation and Settlement Agreement (Settlement). The Settlement establishes the rates to be charged by Saltville for storage service under Rate Schedule Firm Storage Service (FSS), Interruptible Storage Service (ISS), Interruptible Park Service (IPS), and Interruptible Loan Service (ILS). As discussed below, the Commission approves the Settlement effective April 1, 2014.

2. Saltville filed the instant Settlement in lieu of filing a general rate case, as required by section 1.6 of the Settlement in Saltville's last rate case in Docket No. RP08-257-000. That provision required Saltville to file a new rate case on or before October 1, 2013.<sup>1</sup> On September 26, 2013, the Commission extended the filing date to February 1, 2014.<sup>2</sup>

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<sup>1</sup> See *Saltville Gas Storage Company L.L.C.*, 125 FERC ¶ 61,251 (2008).

<sup>2</sup> See *Saltville Gas Storage Company L.L.C.*, 144 FERC ¶ 61,233 (2013).

3. Accordingly, on December 4, 2013, Saltville filed the instant Settlement, which it states represents a collaborative resolution between Saltville and its customers.<sup>3</sup> Saltville states that the Settlement provides an agreement on revised rates for Saltville's services and eliminates the need to file a general section 4 rate case as required by the settlement in Docket No. RP08-257-000. Saltville also states that the Settlement modifies storage service rates set forth in Saltville's FERC Gas Tariff pursuant to Rate Schedules FSS, ISS, IPS, and ILS. Finally, Saltville states that it will file revised tariff records consistent with the *pro forma* tariff records included in Schedule 1 of the Settlement, within twenty days following the effective date of April 1, 2014. The principal terms of the Settlement are summarized below.

4. Article I, section 1.1 of the Settlement provides that the effective date of the Settlement will be the first day of the month following the date on which the Commission issues a final order approving the Settlement. Section 1.1 further provides that the Settlement rates will become effective April 1, 2014.

5. Section 1.2 of Article I describes the Settlement Rates for service under Rate Schedules FSS, ISS, IPS, and ILS. Under all Rate Schedules fuel retainage charges will be 0.35 percent, which includes fuel and lost and unaccounted for gas. The Settlement Rates reflect an overall rate of return of 8.61 percent. Saltville states it will provide recalculations of the Settlement Rates and refunds of over-collected amounts, in the event that (a) by October 31, 2014, Saltville does not spend at least \$5.5 million of the \$6.81 million of anticipated gross plant in service and base gas purchases that the Settlement participants agreed to include in the cost of service, or (b) East Tennessee Natural Gas, LLC (East Tennessee) places rates into effect in a section 4 or section 5 Natural Gas Act (NGA) proceeding that result in changes to East Tennessee's rates to explicitly recover the costs of Saltville interruptible storage service in excess of \$1,500,000.

6. Article I, section 1.3 states the existing depreciation rate for transmission facilities and provides that the intangible and general plant will remain the same as those proposed in Saltville's March 4, 2008 filing in Docket No. RP08-257-000, as reflected in Schedule 2 of the Settlement. Section 1.4 of Article I provides a limited moratorium on NGA section 4 and section 5 rate filings until October 1, 2015, and further provides that no new rates can become effective before April 1, 2016. Finally, section 1.5 provides that

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<sup>3</sup> These customers include: Alcoa Energy Corporation, Atmos Energy Corporation, Duke Energy Progress, Inc., Columbia Gas of Virginia, Inc., Duke Energy Carolinas LLC, East Tennessee Group, EDF Trading North America, LLC, NJR Energy Services Company, North Carolina Utilities Commission, Public Service Company of North Carolina, Inc., Roanoke Gas Company, Sequent Energy Management, L.P., Stand Energy Corp., Tennessee Valley Authority, United Salt Corporation, Upper Cumberland Gas Utility District, Washington Gas Light Company, and Wolf Hills Energy, LLC.

Saltville will file a rate case after the moratorium, on or prior to April 1, 2018, with rates to be effective, after a five-month suspension period, no later than October 1, 2018.

7. Article II of the Settlement describes the effect of the approval of the Settlement, including the fact that the approval constitutes approval of the Settlement Rates. Article III contains several covenants of the participants regarding actions they will take in supporting the Settlement before the Commission.

8. Article IV specifies that the applicable standard of review for any future modifications to the Settlement is the “just and reasonable standard.” Article V requires Saltville to file actual tariff records identical to the *pro forma* tariff records contained in Schedule 1 to implement the Settlement within twenty days following the effective date.

9. Public notice of the filing was issued on December 5, 2013. Interventions and protests were due as provided in section 154.210 of the Commission’s regulations (18 C.F.R. § 154.210 (2013)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2013)), all timely filed motions to intervene and any unopposed motion 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 the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

10. The Commission approves the Settlement as it appears fair, reasonable, and in the public interest. The Commission’s approval of the Settlement does not constitute approval of, or precedent regarding any principle or issue in this proceeding. Saltville is required to file in eTariff format, actual tariff records consistent with the *pro forma* tariff records included in Schedule 1 of the Settlement, within twenty days following the effective date of the Settlement.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.