

FEDERAL ENERGY REGULATORY COMMISSION
Washington, D.C. 20426

March 11, 2005

In Reply Refer To:
Acacia Natural Gas Corporation
Docket Nos. PR05-2-000 and PR05-2-001

LeBoeuf, Lamb, Greene & MacRae, LLP
1875 Connecticut Avenue, NW
Suite 1200
Washington, DC 20009

Attention: Mr. Brian D. O'Neill, Attorney

Reference: Stipulation and Agreement

Dear Mr. O'Neill:

1. The Stipulation and Agreement (Settlement) filed by Acacia Natural Gas Corporation (Acacia) on February 22, 2005 reasonably resolves all issues in this proceeding, produces a fair and equitable transportation rate, and therefore, is approved. This order will benefit Acacia's current and potential shippers by affording them with alternative transportation services at reasonable rates.
2. The following is a summary of the major provisions of the Settlement.
 - a. Effective October 12, 2004, the maximum fair and equitable rate for Natural Gas Policy Act of 1978 (NGPA) section 311 interruptible transportation service on Acacia's Bridgeport Header System will be \$0.1112 per MMBtu.
 - b. On or before October 12, 2007, Acacia shall file a petition for rate approval pursuant to 18 CFR § 284.123(b)(2)(2004) to justify its current interruptible transportation rate or to propose a new interruptible transportation rate.
 - c. Within 30 days from the date the Commission issues an order approving, without modification, all terms of the Settlement, Acacia will refund, with interest as determined in accordance with 18 C.F.R. § 154.501(d) (2004), any amount it has collected for NGPA section 311 transportation of natural

gas through its facilities above the rate specified in section 2(a), above, on or after October 12, 2004.

- d. 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.
- e. The Settlement represents a negotiated agreement of the issues in this proceeding. Neither the Commission, its Staff, nor any other party shall be deemed to have approved, accepted, agreed, or consented to any principle or issue in this proceeding.

3. The Settlement was filed pursuant to Rule 602(f)(2) of the Commission's rules of Practice and Procedure, 18 C.F.R. § 385.602(f)(2) (2004). Pursuant to Acacia's request, a shortened comment period was established with initial comments to be filed on or before February 25, 2005, and reply comments on or before March 1, 2005. Pursuant to Rule 385.602(d), 18 C.F.R. § 385.602(d) (2004), Acacia served a copy of the Settlement on all parties. No protests or adverse comments were filed.

4. This letter order does not relieve Acacia 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 a 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.

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Acacia Natural Gas Corporation

Docket No. PR05-2-000

(Issued March 11, 2005)

BROWNELL, Commissioner, concurring:

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, Acacia Natural Gas Corporation has agreed to make a triennial rate approval filing as part of an overall settlement. Therefore, I agree with the result of this order which is to approve an uncontested settlement.

Nora Mead Brownell
Commissioner