

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

November 30, 2006

In Reply Refer To:
Chandeleur Pipe Line Company
Docket No. RP07-35-000

Chandeleur Pipe Line Company
c/o Chevron Pipe Line Company
4800 Fournace Place
Bellaire, Texas 77401

Attention: Joel A. Youngblood, Attorney for Chandeleur Pipe Line Company

Reference: Tariff Sheets Implementing Hurricane-Related Surcharge

Dear Ladies and Gentlemen:

1. On October 26, 2006, in Docket No. RP07-35-000, Chandeleur Pipe Line Company (Chandeleur) filed tariff sheets,¹ proposed to become effective December 1, 2006, implementing a temporary, twelve-month surcharge designed to recover the expense portion of the costs incurred to place Chandeleur's system back in service as a result of Hurricane Katrina. Chandeleur requests waiver of the Commission's Part 154 Regulations in order to submit an abbreviated section 4(e) filing to establish a special surcharge of \$0.0643/Dth to collect expenses of \$3,921,967. The instant filing was not protested. As discussed below, the Commission finds good cause to waive the filing requirements and finds the proposed surcharge to be a reasonable method to recover these extraordinary costs. Accordingly, Chandeleur's waiver request is granted and the tariff sheets listed in footnote no. 1 are accepted, effective December 1, 2006.

2. Chandeleur states its pipeline system suffered extensive damage to one of its two parallel lines as a result of Hurricane Katrina. This line was severed, bent and finally dislocated, requiring the replacement of and return to service of approximately 7,000 feet of pipeline, and the repair and restoration of meter station and appurtenant facilities

¹ Sixth Revised Sheet No. 3, Nineteenth Revised Sheet No. 5, and First Revised Sheet No. 64 to FERC Gas Tariff, Second Revised Volume No. 1.

(e.g., control valve and communication equipment). Because these lines are interconnected, the damage ultimately rendered both lines inoperable, causing the entire Chandeaur system to fill with salt water.

3. Chandeaur claims the hurricane-related surcharge does not include any recovery of capital costs, and that it is designed to recover the expense portion of the costs incurred to return its system to service, detailed in Attachment A of Chandeaur's application. In order of magnitude, such costs include dewatering, deep and shallow water surveys, meter station clean-up and restoration, assessment, outside legal and consultants, and lost line pack owned by Chandeaur.

4. Chandeaur states the twelve-month surcharge recovers only actual costs incurred as a result of extraordinary circumstances, will not include a component for the time value of money, and that Chandeaur is not over-recovering its costs under its currently effective base rates. Further, Chandeaur proposes a true-up mechanism to compare actual costs to revenues recovered through the surcharge and, if an over-recovery is determined, Chandeaur will make a subsequent settlement with all shippers during the final month of the recovery period.

5. Chandeaur adds section 20.2, Non-ACA Surcharge Adjustment, to the General Terms and Conditions of its tariff in order to accommodate the need to have the hurricane-related surcharge. The \$0.0643/Dth surcharge is proposed as an additive to the Usage Charge under the currently effective Base Tariff rates² for Chandeaur's firm and interruptible transportation services on its Statement of Rates.

6. Notice of Chandeaur's filing in Docket No. RP07-35-000 was issued on October 30, 2006, allowing for protests and interventions as provided by Rule 211 and 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.211 and 385.214 (2006). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2006), all timely filed motions to intervene and any motions 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 this proceeding or place additional burdens on existing parties. No protests or adverse comments were received.

7. The Commission finds good cause exists for granting the requested waiver. As a result of hurricane damage, Chandeaur incurred extraordinary costs, including the loss of line pack. Chandeaur has proposed a non-discriminatory, temporary method to recover the expense portion of the costs incurred to place Chandeaur's system back in service as a result of Hurricane Katrina, which may not otherwise be recovered due to the timing

² Approved April 16, 2004, by the Commission in the Settlement of Chandeaur's last rate case in Docket No. RP03-625. *See Chandeaur Pipe Line Co.*, 107 FERC ¶ 61,049 (2004).

requirements associated with filing a general section 4 rate case. Good cause also has been shown to grant waiver of the filing requirements as Chandeleur's underlying base rates are not proposed to be changed and, therefore, waiver avoids the more extensive and burdensome filing requirements associated with a general section 4 rate case where all rates are at issue. Finally, we find that Chandeleur has supported the proposed surcharge rate on a cost basis. We find that the proposed surcharge is just and reasonable, as it is cost-based, limited in time, and shippers are protected from being overcharged with a true-up and refund mechanism. Accordingly, the requested waiver is granted and the proposed tariff sheets are accepted to be effective as proposed.

By direction of the Commission.

Magalie R. Salas,
Secretary.