

133 FERC ¶ 61,045
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

October 15, 2010

In Reply Refer to:
Venice Gathering System, L.L.C.
Docket No. RP10-1280-000

Elizabeth B. Hawkins
Senior Counsel
Targa Resources, Inc.
1000 Louisiana, Suite 4300
Houston, TX 77002

Reference: Letter Order Approving Uncontested Settlement

Dear Ms. Hawkins

1. On September 3, 2010, Venice Gathering System, L.L.C. (VGS), pursuant to Rule 207 of the Commission Rules of Practice and Procedure, 18 C.F.R. § 385.207, filed a petition for Approval of Stipulation and Agreement (Settlement) that would, among other things, set a new transportation rate and reduce the unaccounted for gas retention percentage applicable to service on VGS's offshore Louisiana pipeline system.
2. Public notice of the filing was issued on September 7, 2010, allowing protests to be filed on or before September 15, 2010, as provided in section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210 (2010). Pursuant to Rule 214, 18 C.F.R. § 384.214 (2010), all timely motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late interventions at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. Comments in support of the Settlement or not in opposition were filed by Superior Natural Gas Corporation and Arena Energy, LP. No protests or adverse comments were filed.
3. The main provisions of the Settlement are summarized as follows: Article I provides that VGS and each of its existing customers have agreed to certain terms governing the rates for service to those customers on the VGS pipeline system. Article I further provides that VGS and its existing customers have agreed to the rate increase and reduction in fuel retention set forth in the Settlement.

4. Article II provides that the transportation rate agreed to in the Settlement will remain applicable to VGS's existing customers regardless of any filings made by VGS with the Commission before the end of the Settlement's terms to increase the maximum rate beyond the rate provided in the Settlement.

5. Article III provides that the rate for gas transportation on VGS's offshore Louisiana pipeline shall be \$0.35 per Dkt and the gas retention percentage applicable to gas transportation is 0.5 percent as of the effective date authorized by the Commission. Article III further provides that the gas transportation rate for existing customers during the term of the Settlement will be the lesser of: (a) \$0.35 per Dkt; or (b) the maximum gas transportation rate approved by the Commission for the full term of the Settlement, regardless of whether VGS makes any filing with the Commission before the end of such term under section 4 of the Natural Gas Act (NGA) that includes a proposed maximum rate higher than that agreed to between VGS and its existing customers.

6. Article IV provides that the term of the Settlement will be from the effective date of the tariff sheet implementing the Settlement until the date that is five years from such effective date. Further, after the end of the five year period, the Settlement will be effective month-to-month until either VGS or a customer requests a renegotiation of those terms. Section 4.3 provides that VGS may, in its sole discretion, file a rate case under section 4 of the NGA to be effective at any time during the effectiveness of the Settlement but that the Settlement rates shall remain in effect during the five year period with respect to customers that support or do not oppose the Settlement. Section 4.4 provides that each such customer waives its NGA section 5 rights to challenge the level of rates established by the Settlement or any other Settlement provision. Finally, section 4.5 provides that, during the term of the Settlement, the Commission's standard of review shall be in accordance with the standards established by section 4 and 5 of the NGA.

7. Article V sets forth certain requirements for the effectiveness of the Settlement and Article VI provides that VGS may withdraw the Settlements if it is not placed into effect. Article VII specifies that, as of the date of acceptance of the Settlement by the Commission, the proceedings in this docket are to be terminated.

8. The Commission finds that the Settlement appears to be fair, reasonable and in the public interest and is hereby approved. VGS shall submit a compliance filing revising its tariff records to implement the Settlement rates and gas retention percentage so that those rates can be placed into effect in the first full month following issuance of this letter order. Approval of this settlement does not constitute a precedent regarding any principle or issue in this proceeding.

9. VGS is reminded that it must make all required filings using eTariff resulting from the outcome of any existing compliance proceedings.¹ VGS must make all subsequent tariff and tariff-related filings electronically using eTariff.²

By direction of the Commission.

Kimberly D. Bose,
Secretary.

cc: All participants

¹ *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276, at P 96 (2008).

² *Order Establishing Baseline Filing Schedule Starting April 1, 2010*, 130 FERC ¶ 61,228, at P 7 (2010).