

139 FERC ¶ 61,153
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 24, 2012

In Reply Refer To:
Stingray Pipeline Company, L.L.C.
Docket Nos. RP11-1957-000
RP11-1957-001

Stingray Pipeline Company, L.L.C.
1100 Louisiana Street,
Suite 3300
Houston, TX 77002

Attention: Susan M. Schwager, Esq.
Attorney for Stingray Pipeline Company, L.L.C.

Reference: Letter Order on Uncontested Settlement

Dear Ms. Schwager:

1. On April 9, 2012, Stingray Pipeline Company, L.L.C. (Stingray) filed a Stipulation and Agreement (Settlement) pursuant to Rule 602 of the Commission's Rules of Practice and Procedure.¹ The Settlement resolves all issues in the above referenced proceedings pertaining to the tariff records filed by Stingray pursuant to section 4 of the Natural Gas Act (NGA) to increase Stingray's maximum tariff rates, propose a Transportation Quantity Adjustment Mechanism (TQAM), and to eliminate the current rate cap on its existing Event Surcharge mechanism through which hurricane/storm damage repair costs are recovered. The Commission accepted and suspended those tariff records to be effective October 1, 2011, subject to refund and a hearing.² The Commission held the hearing in abeyance in order to provide time for settlement judge procedures. However, the Chief Administrative Law Judge (ALJ) terminated those procedures when the parties

¹ 18 C.F.R. § 385.602 (2011).

² *Stingray Pipeline Co., L.L.C.*, 135 FERC ¶ 61,099 (2011).

reached an impasse. After the designation of a Presiding ALJ to conduct the hearing, Stingray filed the instant Settlement.

2. Following is a summary of the major provisions of the Settlement:
3. Article I provides that the motion rates in effect from October 1, 2011, through December 31, 2011, will become final rates for that period. Article I provides that, as of January 1, 2012, Stingray will reduce its maximum recourse rates to a level approximately 29 percent lower than the motion rates.
4. Article II sets forth the depreciation and negative salvage rates applicable to Stingray's depreciable plant. In addition, Stingray agrees in Article II to recover all retirement costs through its negative salvage rate.
5. Article III requires Stingray to make various revisions to section 36 of its General Term and Conditions (GT&C), governing its Event Surcharge mechanism. In addition, Article III provides that the Event Surcharge of \$0.0644/Dth in effect on December 31, 2011, will be the final rate for the period October 1, 2011, through December 31, 2011. As of January 1, 2012, however, Stingray will reduce the surcharge to \$0.05/Dth for the remaining Hurricane Ike repair costs. Stingray may not file to make any changes to revised GT&C section 36 to be effective before January 1, 2014. However, Stingray may file to adjust the Event Surcharge rate, consistent with revised GT&C section 36 before that date, subject to a \$0.15/Dth cap.
6. Article IV provides for Stingray to delete the TQAM from its tariff. However, Stingray reserves the right to propose a TQAM or other rate mechanisms not precluded by the offer in a future proceeding.
7. Article V stipulates that there will be no refunds, because the Settlement makes final the rates that were effective from October 1, 2011, through December 31, 2011, and the reduced Settlement rates were made effective on January 1, 2012, pending approval of the Settlement.
8. Stingray agrees in Article VI to file a general rate case in time to permit new rates to become effective no later than five years after the effective date of this Settlement. But, the Settlement will not prevent Stingray from filing earlier to change rates, terms, and conditions of service, or the Event Surcharge mechanism (except for the restriction in Article III on filing to change the Event Surcharge mechanism before January 1, 2014).
9. Article VII provides that the Settlement will be effective on the first day of the first month after the Commission's approval becomes final and non-appealable.

10. Article IX provides, among other things, that the standard for approving the offer is whether it is fair and reasonable and in the public interest and that the standard of review for any future changes to the Settlement during its term will be the most stringent standard permissible under applicable law. Timely comments supporting the offer were filed and timely comments "in non-opposition" to the offer were also filed. Reply comments were not filed. On May 4, 2012, the Presiding ALJ certified the Settlement to the Commission as an Uncontested Offer of Settlement.

11. The Commission finds that the Settlement is fair, reasonable, and in the public interest and approves the Settlement. The Commission's approval of this Settlement does not constitute approval of, or precedent regarding, any principle or issue. Accordingly, Docket Nos. RP11-1957-000 and RP11-1957-001 are hereby terminated.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

cc: All Parties of Record