

169 FERC ¶ 61,188
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

December 6, 2019

In Reply Refer To:
Stagecoach Pipeline & Storage Company
LLC
Docket No. RP19-439-004

Stagecoach Pipeline & Storage Company LLC
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Attention: John Griffin, Assistant General Counsel
Paul Korman, Attorney

Dear Mr. Griffin and Mr. Korman:

1. On August 30, 2019, pursuant to Rule 602 of the Commission's regulations,¹ Stagecoach Pipeline & Storage Company LLC (Stagecoach) filed an Offer of Settlement (Settlement) to resolve all issues in the rate investigation established by the Commission pursuant to section 5 of the Natural Gas Act (NGA) in the instant docket.² We approve the Settlement, which resolves the issues set for hearing, as fair and reasonable and in the public interest.

2. On September 19, 2019, Commission Trial Staff (Trial Staff) filed comments supporting the Settlement, and no participant filed to oppose the Settlement. Trial Staff states that the Settlement represents substantial decreases in Stagecoach's currently-

¹ 18 C.F.R. § 385.602 (2019).

² *Stagecoach Pipeline & Storage Co.*, 166 FERC ¶ 61,199, *reh'g denied*, 168 FERC ¶ 61,054 (2019).

effective recourse reservation rates for its firm transportation and wheeling services and that the Settlement provides for a 4.5 percent reduction to the reservation rates for service under the currently-effective discounted rate agreements, representing immediate rate relief for discounted ratepayers.³ On October 4, 2019, the Settlement Judge certified the Settlement to the Commission as an uncontested settlement.⁴ The pertinent provisions of the Settlement are summarized below.

3. Articles I, II, and III provide a description of the purpose and scope of the Settlement, a procedural introduction, historical background, and provisions defining the parties and the impact of those designations should a party, among other things, oppose or seek to modify or clarify any provision that may be inconsistent with the Settlement.

4. Article IV contains provisions establishing the effectiveness of the Settlement,⁵ including the effective date and the impact of any conditions or modifications to the Settlement provisions. Article V states that the Settlement Rates are to be implemented in accordance with Article VII.

5. Article VI contains the substantive components of the Settlement. Section A of Article VI states that the Settlement rates have been agreed to on a “black box” basis, taking into consideration the decrease in the corporate income tax rate pursuant to the Tax Cuts and Jobs Act.⁶ Section B provides that, as of the effective date, Stagecoach is authorized, under section 9 of the NGA, to continue its currently effective depreciation rate of 4.0 percent. Section C provides that the transportation rates reflect a flow back of

³ Commission Trial Staff Initial Comments in Support at 6.

⁴ *Stagecoach Pipeline & Storage Co. LLC*, 169 FERC ¶ 63,001 (2019).

⁵ Article II, Section F provides for the implementation of the agreed-upon rates effective October 1, 2019. According to Stagecoach, to ensure timely implementation of the reduced rates pending Commission approval of the Settlement, it filed an unopposed motion for the interim settlement rates to be implemented, effective October 1, 2019. The Chief Judge granted the motion on September 4, 2019. *Stagecoach Pipeline & Storage Co. LLC*, 168 FERC ¶ 63,031 (2019). Stagecoach states that the Settlement adopts the interim settlement rates as the Settlement Rates.

⁶ An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018, Pub. L. No. 115-97, 131 Stat. 2054 (2017) (Tax Cuts and Jobs Act).

\$136,711 for excess accumulated deferred income taxes (ADIT)⁷ and that the flow back will begin on October 1, 2019, concurrent with the effectiveness of Settlement rates with an annual amortization of \$8,353. Section D provides that the reservation rates for service under the discounted rate agreements will be reduced by 4.5 percent effective October 1, 2019 and that, in advance of October 1, 2019, Stagecoach and the parties will execute amendments to the agreements reflecting the revised rates.⁸

6. Article VII provides for the implementation of the Settlement rates. Specifically, this Article provides that, within thirty (30) days following the effective date, Stagecoach must file the tariff sections in Appendix B to the Settlement.⁹

7. Article VIII provides for the following standard of review:

- (A) Except as provided in Section B below, the standard of review for proposed change to the terms of this Settlement shall be the “public interest” standard for review set forth in *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, [350 U.S. 332 (1956)] and *FPC v. Sierra Pacific Power Co.*, [350 U.S. 348 (1956)]. In any such proceeding, Supporting and Non-Opposing Parties shall not support any such change.
- (B) With respect to proposed changes to the terms of this Settlement sought by non-settling third parties or the Commission acting *sua sponte*, the standard of review shall be the just and reasonable standard.

8. Articles IX and X contain certain reservation and miscellaneous provisions.

⁷ The Settlement states that the excess ADIT arises from the Tax Cuts and Jobs Act’s reduction in the corporate federal income tax rate from 35 percent to 21 percent that became effective January 1, 2018.

⁸ Article VI, Section D provides this provision does not apply to negotiated rate agreements.

⁹ Stagecoach filed a motion for the interim settlement rates to be implemented, effective October 1, 2019. On September 4, 2019, the Chief Judge granted the motion. *Stagecoach Pipeline & Storage Co. LLC*, 168 FERC ¶ 63,031. The Settlement adopted the interim rates as the Settlement Rates. Accordingly, no further compliance filing is required to the extent the Settlement rates are already provided for in Stagecoach’s tariff.

9. We find that the Settlement appears to be fair and reasonable and in the public interest and is hereby approved.¹⁰ The Commission's approval of the Settlement does not constitute approval of, or precedent regarding, any principle or issue in these proceedings. This order terminates Docket No. RP19-439-004.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

¹⁰ 18 C.F.R. § 385.602 (g)(3).