

170 FERC ¶ 61,245
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;
Richard Glick and Bernard L. McNamee.

Transcontinental Gas Pipe Line Company, LLC

Docket No. RP18-1126-003

ORDER APPROVING UNCONTESTED SETTLEMENT

(Issued March 24, 2020)

1. On December 31, 2019, Transcontinental Gas Pipe Line Company, LLC (Transco) filed a stipulation and agreement (Settlement), which purports to resolve all issues that were set for hearing and settlement judge procedures by the Commission's September 28, 2018 order in the captioned dockets.¹ On February 13, 2020, the Presiding Judge certified the Settlement to the Commission as uncontested.² We approve the Settlement and direct Transco to file tariff records consistent with the terms of the Settlement.

I. Background and Details of Settlement

2. On August 31, 2018, Transco filed revised tariff records consistent with its last settlement requirement to file a Natural Gas Act (NGA) section 4 general rate case no later than August 31, 2018. On September 28, 2018, the Commission issued an order accepting without suspension the proposed tariff records representing a rate reduction, to be effective October 1, 2018, subject to the outcome of the hearing and settlement judge procedures; and accepting and suspending, subject to refund, other proposed tariff records to be effective March 1, 2019, subject to refund and the outcome of the hearing and settlement judge procedures.³ On December 31, 2019, Transco filed its Settlement, and asserted that all the participants either support or do not oppose approval of the

¹ *Transcontinental Gas Pipe Line Co., LLC* 164 FERC ¶ 61,236 (2018) (September 28 Order).

² *Transcontinental Gas Pipe Line Co., LLC*, 170 FERC ¶ 63,017 (2020).

³ September 28 Order, 164 FERC ¶ 61,236.

Settlement. On February 13, 2020, the Presiding Judge certified the Settlement as uncontested.⁴

3. Transco asserts that the Settlement resolves Transco's cost of service and reservation and throughput quantities for the rate period of this docket, from March 1, 2019, until the earlier of (1) the effectiveness of Transco's next NGA section 4 general rate case filing; (2) the effective date of a change to its jurisdictional rates by a Commission order pursuant to NGA section 5; or (3) pursuant to a prepackaged settlement agreement approved by the Commission.⁵

4. The Settlement provides that the cost of service, except for certain items identified, has been agreed to on a "black box" basis. The Settlement also addresses recovery of pension cash contributions and the flow back to customers of net excess accumulated deferred income taxes resulting from the reduction in the federal corporate tax rate by the Tax Cuts and Jobs Act of 2017.⁶

5. The Settlement establishes that, for all expansion projects for which Transco has filed or files an application for a certificate of public convenience and necessity under section 7(c) of the NGA subsequent to August 31, 2018, a 12.5% rate of return on equity shall be used for purposes of computing initial recourse rates. The Settlement states Transco shall use the 12.5% rate of return on equity for this purpose until a new stated return is approved by the Commission.

6. In addition, the Settlement establishes a rate case moratorium under which Transco shall not file an NGA section 4(e) general rate case prior to August 31, 2021, and each Non-Contesting Party shall not initiate or support any NGA section 5 proceeding seeking a change to any Settlement Rate prior to August 31, 2021. The Settlement sets forth Transco's agreement to file an NGA section 4(e) general rate case no later than August 30, 2024.

7. The Settlement further provides that the standard of review for any changes to the Settlement shall be the "public interest" standard, except with respect to any such change sought by a non-settling party, a contesting party, or the Commission acting *sua sponte*, then the standard of review to be applied by the Commission shall be the just and reasonable standard.

⁴ *Transcontinental Gas Pipe Line Co., LLC*, 170 FERC ¶ 63,017.

⁵ Transco Transmittal Sheet at 2.

⁶ Tax Cuts and Jobs Act, Pub. L. No. 115-97, 131 Stat. 2054 (2017).

II. Discussion

8. The Settlement filed by Transco is supported or not opposed by all parties to the proceeding and establishes a rate moratorium and a requirement that Transco file a general rate case under section 4 of the NGA no later than August 30, 2024.

9. We find that the Settlement appears to be fair and reasonable and in the public interest and therefore, we approve the Settlement pursuant to Rule 602(g) [18 C.F.R. § 385.602(g) (2019)]. Commission approval of the Settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

The Commission orders:

(A) The instant Settlement is approved, as discussed in the body of this order.

(B) Transco is directed to file revised tariff records within 30 days in eTariff format to reflect the Commission's action in this order consistent with the terms of the Settlement.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.