

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

January 26, 2005

In Reply Refer To:
Docket Nos. RP03-542-001,
RP04-129-000, and
RP04-359-000

Texas Eastern Transmission, LP
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Attention: Steven J. Kalish, Esq.
Attorney for Consolidated Edison Company of New
York, Inc.; Orange and Rockland Utilities, Inc.;
and Philadelphia Gas Works

Reference: Uncontested Settlement Agreement

Dear Sirs:

1. On November 18, 2004, Texas Eastern Transmission, LP (Texas Eastern), New Jersey Natural Gas Company (New Jersey Natural), and Consolidated Edison Company of New York, Inc., Orange and Rockland Utilities, Inc., and Philadelphia Gas Works (collectively, Con Edison/PGW) filed an offer of settlement in the above referenced dockets. These proceedings involve, inter alia, the allocation of electric power costs (EPC) associated with Texas Eastern's installation of a new 10,000 HP electric

driven compressor at the existing Lambertville Compressor Station in Hunterdon County, New Jersey (the TIME Project). The settlement resolves all issues raised in these proceedings.

2. On December 8, 2004, the Commission's Trial Staff filed comments in support of the settlement agreement. On December 20, 2004, Texas Eastern filed reply comments in support of the settlement agreement. On December 22, 2004, the Presiding Judge certified the settlement to the Commission as uncontested. The offer consists of the following terms:

3. Article I of the offer provides an introduction.

4. Article II contains a detailed explanation of the offer's benefits.

5. Article III sets out the principles of the offer, including a description of the allocation methodology for the TIME Compressor EPC. Texas Eastern will allocate EPC associated with the TIME Compressor each month based on various factors including the season in which the EPC billing month falls, whether the TIME Compressor and/or the gas-fired units at the Lambertville compressor station are operating, and whether TIME Project volumes are flowing. Article III includes the specific allocation methodology that will be reflected in future EPC tracker filings for the TIME Compressor EPC and defines the sources of the data for purposes of the EPC allocation. It also provides that this allocation methodology will be the established methodology by which Texas Eastern will allocate EPC charges associated with the TIME Compressor in future EPC tracker filings on Texas Eastern's system, provided, however, in the event that Texas Eastern (a) obtains Commission approval of an expansion project requiring an NGA section 7 certificate application that utilizes all or a portion of the additional 4,500 hp at the TIME Compressor (New Project),¹ or (b) enters into a contract for primary firm service with delivery points downstream of Lambertville which utilizes all or a portion of the additional 4,500 hp at the TIME Compressor and which, when combined with Texas Eastern's other contracts, results in an aggregate primary firm delivery obligation through the TIME Compressor exceeding Texas Eastern's primary firm delivery obligations through the TIME Compressor as of November 15, 2004 (New Contract), Texas Eastern shall propose in its next EPC filing appropriate revisions, if any, to the EPC allocation methodology in light of such New Project and/or the New Contract. Article III specifies that any Commission-ordered changes in the allocation methodology

¹ Texas Eastern represents that the TIME Project required approximately 5,500 hp of additional compression at Lambertville.

resulting from either a New Project or a New Contract shall be effective prospectively only from the date of the Commission order approving such changes to the methodology, and Texas Eastern shall identify all New Contracts in future EPC filings.

6. Article IV provides for the calculation of “Reconciliation Amounts” to reconcile over-collections of EPC from system customers related to the TIME Compressor before April 30, 2004. Specifically, the Reconciliation Amount shall be \$65,820 for system shippers for the period November 1, 2002, through April 30, 2004 since this is the time period in question in the EPC tracker filings subject to this settlement. The net Reconciliation Amount will be included for the benefit of system shippers in the Deferred EPC Account pursuant to GT&C Section 15.1, and will be reflected in Texas Eastern's next EPC tracker filing after the effective date of this offer.

7. Article V defines the date of the effective settlement agreement as the first day of the first month following the date upon which a Commission order approving the offer (a) without modification or condition and (b) is no longer subject to rehearing or appeal. Upon written notice to the Commission, the sponsoring parties may waive conditions (a) or (b) specified in the preceding sentence, in which case the effective date shall be the date specified in such notice to the Commission.

8. Article VI identifies the proceedings resolved by this offer. Specifically, as of the effective date, the offer resolves all outstanding issues in Docket Nos. RP03-542, RP04-129, and RP04-359, and any related appeals.

9. Article VII includes the representations, warranties and covenants associated with the offer.

10. The settlement agreement is in the public interest and is hereby approved. The Commission's approval of this settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

11. Texas Eastern is directed to file revised tariff sheets reflecting the settlement rates within 15 days of the date of this order.

By the Commission.

Linda Mitry,
Deputy Secretary.