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May 24, 2019

**Via Electronic Filing**

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Tennessee Public Utility Commission  
502 Deaderick Street, 4<sup>th</sup> Floor  
Nashville, TN 37243

In Re: Petition of B&W Pipeline, LLC for an Increase in Rates  
Docket No: 15-00042

Dear Sir or Madam:

For informational purposes, please file the attached Order from the Federal Energy Regulatory Commission in the above-captioned docket.

Sincerely,

BRADLEY ARANT BOULT CUMMINGS LLP

By:

  
Henry Walker

HW/dbi

cc: Vance Bromel  
H. LaDon Baltimore

FEDERAL ENERGY REGULATORY COMMISSION  
Washington, D.C. 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:  
Letter Order Pursuant § 375.307  
B&W Pipeline, LLC  
Docket No. PR17-54-000

May 17, 2019

B&W Pipeline, LLC  
c/o Bradley Arant Boult Cummings LLP  
1600 Division Street, Suite 700  
Nashville, TN 37203

Attention: Henry Walker  
Attorney for B&W Pipeline, LLC

Reference: Offer of Settlement

Dear Mr. Walker:

1. On March 21, 2019, B&W Pipeline, LLC (B&W Pipeline) filed in the captioned proceeding a Stipulation and Agreement (Settlement), pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §385.602 (2018). The Settlement resolves all issues with regard to B&W Pipeline's petition for approval of its proposed rates and a Statement of Operating Conditions (SOC), which was filed by B&W Pipeline on July 17, 2017 (Petition). B&W Pipeline filed its Petition, pursuant to section 284.123(b)(2)<sup>1</sup> of the Commission's regulations, after receiving Commission approval for a limited jurisdiction blanket certificate for transportation in interstate commerce as a Hinshaw Pipeline.<sup>2</sup>

2. The following is a summary of the major provisions of the Settlement:

- a. Articles I and II set out, respectively, the introduction and background to the Settlement. B&W Pipeline, approximately 50-miles in length, is located

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<sup>1</sup> 18 C.F.R. § 284.123 (b)(2) (2018).

<sup>2</sup> *B&W Pipeline, L.L.C.*, 159 FERC ¶ 62,297 (2017).

entirely within Tennessee and regulated by the Tennessee Regulatory Authority. The pipeline was built in sections between 1981 and 1989. B&W Pipeline initially transported gas from Tennessee gas wells to East Tennessee Natural Gas, LLC (East Tennessee) for redelivery in interstate commerce. As production declined and other regional market opportunities became available, B&W Pipeline became a net recipient of gas from East Tennessee for deliveries to local distribution companies located at the border of Kentucky. On April 29, 2016, B&W Pipeline self-reported to the Federal Energy Regulatory Commission's Office of Enforcement that the pipeline has been operating without interstate authority.

- b. Article III establishes Settlement rates and a cost of service. The provision states that B&W Pipeline was acquired out of bankruptcy with limited documentation. The Settlement contains extensive documentation on estimated original costs of the pipeline and its current value, including an acquisition adjustment as shown in Attachment A to the Settlement. As part of the rate-making provisions in Article III, B&W Pipeline agrees to an adjustment in the instant docket of 21,900 Mcf of additional interstate transportation billing units over those proposed in the Petition, and to include a minimum of 110,000 Mcf for interstate transportation billing units in future rate filings as long as there are no major changes to the system. The maximum rate that B&W Pipeline is authorized to charge for interruptible transportation service provided on its pipeline system pursuant to NGPA section 311 is \$2.7172 per Mcf, effective July 17, 2017.
- c. Article IV provides for changes to the SOC filed in the Petition. B&W Pipeline filed a *pro forma* version of the SOC with the Settlement.<sup>3</sup>
- d. Article V requires that B&W Pipeline make a future filing in fulfillment of the Commission's quinquennial filing requirement for pipelines transporting natural gas under the NGPA. On or before September 17, 2022, B&W Pipeline shall file a rate petition pursuant to §284.123(b)(2) of the Commission's regulations to justify the Settlement rates or to propose new rates applicable to NGPA section 311 service.
- e. The remaining articles of the Settlement deal with conditions for its effectiveness, its term and its limited precedential value beyond items not specifically stated in the Settlement.

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<sup>3</sup> Consistent with the terms of the Settlement, B&W Pipeline shall file its actual SOC in eTariff format, using a Type of Filing code 790.

3. Initial comments on the Petition and subsequent Settlement were due on or before August 7, 2017 and April 11, 2019, respectively. No adverse comments or protests were filed. Pursuant to sections 375.307(a)(9)(iii) and 385.602(g)(3) of the Commission's regulations,<sup>4</sup> the uncontested Settlement appears to be fair and reasonable and in the public interest, and therefore the Settlement is accepted for filing.

4. This letter order does not relieve B&W Pipeline of its obligation to file the required reports under Part 284 of the Commission's regulations. The approval of this settlement does not constitute a precedent regarding any principle or issue in this proceeding.

5. This acceptance for filing shall not be construed as constituting approval of the referenced filing or of any rate, charge, classification, or any rule, regulation, or practice affecting such rate or service contained in your SOC; nor shall such acceptance be deemed as recognition of any claimed contractual right or obligation associated therewith; and such acceptance is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against your company.

6. This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713 (2018).

Issued by: Marsha K. Palazzi, Director, Division of Pipeline Regulation

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<sup>4</sup> 18 C.F.R. §§ 375.307(a)(9)(iii) (2018) and 385.602(g)(3) (2018).