

transportation path.<sup>32</sup> Consistent with our finding in the March 29, 2002 Order, Transco may only assess unauthorized overrun charges during critical periods when there is no interruptible capacity available along the transportation path. The Commission's finding in the March 29, 2002 Order also satisfies Amerada Hess's interest in confirming that Transco will assess an unauthorized overrun penalty only during a critical period – *i.e.*, when interruptible capacity is limited.

**ACTIVITIES:**

November 14, 2005 - PGW filed an "Intervention" with the Commission.

November 30, 2005 – The Commission issued an order accepting this filing effective  
December 1, 2005

**Docket RP06-45**  
**Texas Eastern Transmission, L. P.**  
**ASA Filing**

**DATE FILED:** October 21, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

On October 21, 2005, Texas Eastern Transmission, LP (Texas Eastern) filed revised tariff sheets listed in the Appendix to reflect its Annual Shrinkage Adjustment (ASA) determinations. Texas Eastern proposes no change in its ASA Percentages for system customers, and proposes a reduction in its applicable ASA surcharges. In addition, Texas Eastern submitted the Annual Interruptible Revenue Reconciliation Report (Report). Texas Eastern states that the revised tariff sheets and the Report are being filed pursuant to section 15.6, ASA, and section 15.8, Periodic Reports, of the General Terms and Conditions (GT&C) of Texas Eastern's FERC Gas Tariff, Seventh Revised Volume No. 1 and First Revised Volume No. 2. The proposed tariff sheets are accepted, to be effective December 1, 2005, as requested.

The ASA percentages for system customers are the same as the currently effective percentages approved by the Commission in Texas Eastern's 2004 Annual ASA filing. Texas Eastern has determined that these projections continue to represent a reasonable forecast of upcoming fuel requirements. The reduced ASA Surcharge Adjustment was calculated using the net monetary balance of approximately \$8.6 million recorded in the Applicable Shrinkage Deferred Account as of August 31, 2005.

Texas Eastern explains that it is tracking the fuel requirements of certain incremental and lease projects (i.e., the TIME Project and the Discovery Lease Project) separately from the system ASA fuel requirements to ensure that existing customers do not subsidize costs resulting from these projects. Texas Eastern states that it calculated a projected TIME Project ASA Percentage of 5.36 percent, which is an increase from last year's projected fuel factor of 4.85 percent, and a TIME Project ASA Surcharge of \$0.1107/Dth, which is designed to amortize the actual August 31, 2005 deferred balance in the separate TIME Project ASA Deferred Account. Texas Eastern also states that it has established a separate Discovery Lease Project Deferred Account to record the actual fuel quantities used under the Discovery Lease Project and the actual quantities of gas retained pursuant to the operation of the Discovery Lease Project.

In accordance with GT&C Section 15.8(D) of Texas Eastern's Annual Interruptible Revenue Reconciliation Report, Texas Eastern included reconciliations of the interruptible revenues for the twelve month period ended June 30, 2005. These

reconciliations showed that Texas Eastern's revenues exceeded the cost of service thresholds by \$1,224,722, which was credited to the ASA Deferred Account, pursuant to GT&C Section 15.2(C).

Finally, Texas Eastern states that Lost and Unaccounted for (LAUF) ASA Percentages for incremental services on the Hanging Rock and Freehold laterals and the M-1 Expansion Facilities will continue to be effective for the upcoming 12 month period beginning on December 1, 2005.

**ACTIVITIES:**

November 3, 2005 - PGW filed an "Intervention" with the Commission.

November 30, 2005 – The Commission issued an order accepting this filing effective December 1, 2005

**Docket RP06-113**  
**Texas Eastern Transmission, L. P.**  
**Right Of First Refusal (ROFR)**

**DATE FILED:** October 21, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Third Revised Sheet No. 528 to FERC Gas Tariff, Seventh Revised, Volume No. 1

On November 30, 2005, Texas Eastern Transmission, LP (Texas Eastern) filed the referenced tariff sheet to remove the five-year term matching cap from its right of first refusal (ROFR) bidding process. The tariff sheet is accepted effective January 1, 2006, as proposed.

**Background**

On October 31, 2002, the Commission issued its Order on Remand in Docket No. RM98-10-011,33 in which the Commission addressed the remanded issues in *Interstate Natural Gas Association v. FERC*.34 In *INGAA*, the United States Court of Appeals for the District of Columbia Circuit remanded to the Commission certain issues regarding the Commission's Order No. 637, *et al.*35 In its Order on Remand, the Commission, *inter alia*, eliminated the five-year term matching cap for existing capacity subject to a ROFR. On January 29, 2004, the Commission issued its Order on Rehearing and Clarification,36 and affirmed its decision to remove the five-year term matching cap. On October 28, 2005, the D.C. Circuit upheld the Commission's Order on remand.37

**Details of Filing**

Texas Eastern states that, now that the D.C. Circuit has upheld the Commission's Order on Remand, it is proposing to remove from section 3.13(B)(7) of the General Terms and Conditions (GT&C) of its tariff the following language: "and the maximum contract term a Customer must match shall not exceed five (5) years," which removes the five-year term matching cap from the ROFR bidding process. Texas Eastern states that it will continue to apply the prior five-year limit to matching bids to any agreement for which

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the ROFR has already been triggered because notice has been provided.

**ACTIVITIES:**

November 4, 2005 - PGW filed an "Intervention" with the Commission.

November 30, 2005 – The Commission issued an order accepting this filing effective  
January 1, 2006.

**Docket RP06-1**  
**Transcontinental Gas Pipeline Corp.**  
**Tracking Provisions – GSS, LSS, SS-2, FT-NT and S-2**

**DATE FILED:** October 3, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Issued: October 26, 2005

Transcontinental Gas Pipe Line Corporation  
Reference: Tariff Sheets Tracking Rate Changes

On October 3, 2005, Transcontinental Gas Pipe Line Corporation (Transco) filed revised tariff sheets<sup>38</sup> pursuant to tracking provisions under Transco's Rate Schedules GSS, LSS, SS-2, FT-NT and S-2. Transco's filing tracks changes in rates for services purchased from National Fuel Gas Supply Corporation, Dominion Transmission, Inc., Texas Gas Transmission, LLC, and Texas Eastern Transmission, LP, which were revised due to a reduction in the Commission's Annual Charge Adjustment rate from \$0.0019 per Dth to \$0.0018 per Dth. Waiver of the notice period is granted and the tariff sheets identified in the Appendix are accepted effective October 1, 2005, as proposed.

**ACTIVITIES:**

October 13, 2005 - PGW filed an "Intervention" with the Commission.

October 26, 2005 – The Commission issued an order accepting this filing.

**Docket RP05-692**  
**Dominion Transmission, Inc.**  
**Electric Power Cost Adjustment (EPC)**

**DATE FILED:** September 30, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

On September 30, 2005, Dominion Transmission, Inc. (Dominion) filed revised tariff sheets<sup>39</sup> to update its effective Electric Power Cost Adjustment (EPCA) pursuant to section 17 of the General Terms and Conditions (GT&C) of its FERC Gas Tariff. The revised tariff sheets are accepted effective November 1, 2005, as requested.

Dominion states that its EPCA Base Rates and Surcharges are updated pursuant to sections 17.4 and 17.5 of the GT&C. Dominion has summarized the effect of the proposed EPCA on each element of its rates in Work paper 1 of the instant filing. Dominion states that the EPCA tariff sheets do not reflect Dominion's annual Transportation Cost Rate Adjustment (TCRA) which was filed under separate cover simultaneously with the instant filing.

Dominion states that in the instant filing electric power costs have been projected for the twelve-month period beginning November 1, 2005, based on its anticipated usage of electric-powered compression. Dominion states that this filing reflects a decrease in the EPCA Base Rates for the annual period beginning November 1, 2005. It states that the decrease is due primarily to a reduction in estimated costs from \$3.1 million in the previous year's filing in Docket No. RP04-617-000, to \$2.9 million in the instant filing.<sup>40</sup>

Dominion asserts that it has updated its Unrecovered Electric Power Cost Surcharges as required by section 17.5 of its GT&C. Dominion states that the proposed EPCA Surcharge would amortize the June 30, 2005, balance in its Unrecovered EPC Reimbursement Sub account as specified in GT&C section 17.6. Dominion states that consistent with GT&C section 17.5 it allocated EPCA costs to both transportation and storage customers, using the allocation factors underlying its base rates.<sup>41</sup> The revised EPCA Surcharge results in a reduction in the credit in current rates for the EPCA Surcharge.

Dominion finally states that it has credited electric power costs with an additional \$16,009 at the end of June 2004. In a supplemental filing in Docket No. RP04-617 *et al.*, Dominion stated that it would credit \$15,806 in principal plus applicable interest, and the Commission accepted that supplemental filing in an unpublished letter order issued February 22, 2005, in Docket No. RP04-617-001.

Notice of the filing was issued on October 5, 2005, with comments due on October 12, 2005. Notices of intervention and unopposed timely filed motions to intervene are granted under Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214 (2005)). No protests or adverse comments were filed.

**ACTIVITIES:**

October 10, 2005 - PGW filed an "Intervention" with the Commission.

October 26, 2005 – The Commission issued an order accepting this filing.

**Docket RP05-685**  
**Dominion Transmission, Inc.**  
**Annual Transportation Cost Rate Adjustment (TCRA)**

**DATE FILED:** September 30, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

On September 30, 2005, Dominion Transmission, Inc. (Dominion) filed revised tariff sheets<sup>42</sup> to update its effective Transportation Cost Rate Adjustment (TCRA) pursuant to section 15 of the General Terms and Conditions (GT&C) of its FERC Gas Tariff, Third Revised Volume No. 1. The Commission accepts the filed tariff sheets, and suspends their effectiveness until November 1, 2005, subject to refund, and subject to the outcome of Commission action in Docket No. RP03-623, *et al.*

Notice, Interventions and Protests

Notice of the filing was issued on October 5, 2005. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2005)). Pursuant to Rule 214, 18 C.F.R. § 385.214, all timely motions to intervene and any motions to intervene out-of-time filed before the issuance date of this Order are granted. Granting late intervention at this stage of the proceeding will not disrupt this proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

Details of the Instant Filing

Dominion states in the instant filing that it proposes to adjust its Current Account No. 858 base rates to collect its current transportation costs, in accordance with GT&C section 15.3, and to update its TCRA surcharge rates pursuant to GT&C sections 15.4 and 15.5. Dominion has summarized the effect of the proposed TCRA on each element of its rates in the following chart:

<u>Rate Component</u>	<u>Proposed Rate</u>	<u>Current Rate</u>	<u>Difference</u>
FT/FTNN Reservation	\$4.4230	\$4.5226	(\$0.0996)
FT/FTNN Usage	\$0.0245	\$0.0233	\$0.0012
IT	\$0.1447	\$0.1453	(\$0.0006)
GSS Demand Rate	\$1.8825	\$1.8822	\$0.0003

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GSS Injection Rate	\$0.0202	\$0.0200	\$0.0002
GSS Withdrawal Rate	\$0.0169	\$0.0166	\$0.0003

Dominion states that this chart compares the proposed rates to Dominion's rates that are presently in effect. The proposed rate column includes the effect of the instant TCRA filing, as well as Dominion's annual Electric Power and Cost Adjustment (EPCA) filing in Docket No. RP05-692-000.

Dominion also recounts that in last year's TCRA proceeding in Docket No. RP04-618-000,<sup>43</sup> Dominion stated that it would begin crediting the value of confiscated gas to the TCRA mechanism on a monthly rather than an annual basis with the 2005 filing. Dominion states that it has credited the value of the confiscated gas, including interest, to its customers, as shown on Work paper 3, Page 1, Line 14.

Dominion also notes that in accordance with its agreement in Docket No. RP04-618-000, it is providing the valuation of Tennessee-related fuel for informational purposes only.

Finally, Dominion notes that on September 20, 2005, the Commission issued its *Order on Rehearing*<sup>44</sup> in Dominion's 2003 TCRA proceeding in Docket No. RP03-623, *et al.*, and that this order directed Dominion to file additional explanations and/or adjustments. Dominion states it has not included in the instant filing any of the adjustments that may ultimately be required as a result of the September 20 Order.

#### Discussion

As Dominion itself has noted, Commission action that might impact the rates proposed in the instant filing is still pending in Docket No. RP03-623, *et al.* Accordingly, the Commission shall accept and suspend the effectiveness of the referenced tariff sheets for the minimum period, subject to refund, and subject to the outcome of Commission action in Docket No. RP03-623, *et al.*

#### Suspension

Based upon a review of this filing, the Commission finds that Dominion's proposal has not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, the Commission accepts Dominion's proposal for filing and suspends its effectiveness for the period set forth below, subject to the conditions of this order.

The Commission's policy regarding suspensions is that filings generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or inconsistent

with other statutory standards.<sup>45</sup> It is recognized, however, that shorter suspensions may be warranted in circumstances where suspension for the maximum period may lead to harsh and inequitable results.<sup>46</sup> Such circumstances do exist here when Dominion is making this filing pursuant to section 15 of its GT&C. Accordingly, the Commission shall accept and suspend the effectiveness of Dominion's proposal for the minimum period, subject to refund and to compliance with the conditions of this order, and subject to further Commission action.

The Commission accepts and suspends Dominion's proposal, to be effective November 1, 2005, subject to refund, and subject to the outcome of Commission action in Docket No. RP03-623, *et al.*

**ACTIVITIES:**

October 10, 2005 - PGW filed an "Intervention" with the Commission.

October 26, 2005 – The Commission issued an order accepting and suspending this filing.

**Docket Nos. RP05-622  
Equitrans L. P.  
Annual Charge Adjustment (ACA)**

**DATE FILED:** August 31, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Twelfth Revised Sheet No. 5, Sixteenth Revised Sheet No. 6 and Tenth Revised Sheet No. 10 to FERC Gas Tariff, Original Volume No. 1

On August 31, 2005, Equitrans, L.P. filed the referenced tariff sheets to reflect a decrease in the Annual Charge Adjustment (ACA) surcharge from \$0.0019 per Dth to \$0.0018 per Dth. The ACA surcharge is designed to recover applicable program costs incurred by the Commission. The referenced tariff sheets are accepted effective October 1, 2005. This acceptance is subject to any further Commission action in Docket No. RP05-164-003, *et al.*

Public notice of the filing was issued on September 9, 2005, allowing for interventions and protests to be filed on or before September 13, 2005. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2005)), all timely filed motions to intervene and any motion to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

**ACTIVITIES:**

September 12, 2005 - PGW filed an "Intervention" with the Commission.

September 23, 2005 - The Commission issued an order accepting this filing.

**Docket Nos. RP05-603  
Transcontinental Gas Pipeline Corp.  
PAL & ICTS Revenue Sharing Refund Report**

**DATE FILED:** August 15, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

This is to advise you that the refund report filed by Transcontinental Gas Pipeline Corporation (Transco) on August 31, 2005, in the above-referenced docket is accepted for filing.

The refund report reflects the amounts refunded by Transco on August 15, 2005, to all eligible shippers under Section 3.4 of its Rate Schedule PAL and Section 7 of its Rate Schedule ICTS. Both rate schedules provide that Transco will refund annually 75% of the fixed cost component of all revenues collected under the rate schedules to maximum rate firm transportation and maximum rate interruptible transportation Buyers, except that Rate Schedule PAL also provides for the revenues to be shared with maximum rate firm storage Buyers. The refund for the annual period May 1, 2004 through April 30, 2005 totaled \$213,207.04 (inclusive of \$7,897.33 of interest) and \$32,355.58 (inclusive of \$1,310.92 of interest) for Rate Schedules PAL and ICTS, respectively.

**ACTIVITIES:**

August 25, 2005 - PGW filed an "Intervention" with the Commission.

October 18, 2005 - The Commission issued an order accepting this filing.

**Docket RP05-595**  
**Texas Eastern Transmission, L. P.**  
**Annual Charge Adjustment Surcharge (ACA)**

**DATE FILED:** August 31, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

On August 31, 2005, Texas Eastern Transmission, LP filed revised tariff sheets<sup>47</sup> to reflect a decrease in the Annual Charge Adjustment (ACA) surcharge from \$0.0019 per Dth to \$0.0018 per Dth. The ACA surcharge is designed to recover applicable program costs incurred by the Commission. The tariff sheets identified in the Appendix are accepted effective October 1, 2005, as proposed.

Public notice of the filing was issued on September 9, 2005, allowing for interventions and protests to be filed on or before September 13, 2005. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2005)), all timely filed motions to intervene and any motion to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

**ACTIVITIES:**

September 12, 2005 - PGW filed an "Intervention" with the Commission.

September 22, 2005 – The Commission issued an order accepting this filing.

**Docket Nos. RP05-588**  
**Transcontinental Gas Pipeline Corp.**  
**Annual Charge Adjustment (ACA)**

**DATE FILED:** August 31, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

August 31, 2005, Transcontinental Gas Pipe Line Corporation filed revised tariff sheets,<sup>48</sup> to reflect a decrease in the Annual Charge Adjustment (ACA) surcharge from \$0.0019 per Dth to \$0.0018 per Dth. The ACA surcharge is designed to recover applicable program costs incurred by the Commission. The referenced tariff sheets are accepted effective October 1, 2005, as proposed.

Public notice of the filing was issued on September 9, 2005, allowing for interventions and protests to be filed on or before September 13, 2005. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2005)), all timely filed motions to intervene and any motion to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

**ACTIVITIES:**

September 12, 2005 - PGW filed an "Intervention" with the Commission.

September 23, 2005 – The Commission issued an order accepting this filing.

**Docket RP05-524-001**  
**Texas Eastern Transmission, L. P.**  
**Compliance Filing - Tariff Provisions Governing Contracting,**  
**Creditworthiness, Discounting and Electronic**  
**Communications**

**DATE FILED:** August 19, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

September 16, 2005, Texas Eastern Transmission, LP (Texas Eastern) filed revised tariff sheets<sup>49</sup> in compliance with a Commission letter order issued on August 31, 2005, in Docket No. RP05-524-000. The revised tariff sheets are accepted effective September 1, 2005, as proposed.

In the August 31 order, the Commission accepted tariff sheets which revised several provisions of the General Terms and Conditions (GT&C) of Texas Eastern's tariff governing contracting, creditworthiness, discounting, and electronic communications. Additionally, the Commission directed Texas Eastern in the August 31 order to revise certain tariff provisions in its proposal to (1) provide that when Texas Eastern rejects a shipper's offer of security it will reissue a request for security to that shipper, including an explanation of why the initial offer of security was rejected, (2) clarify that the "in-kind agreements" used to calculate the amount of security required from shippers do not include fuel reimbursement quantities, (3) clarify that open seasons held under section 3.11(E)(2) do not limit or eliminate Texas Eastern's obligation to hold an open season under section 3.11(A)(3), and (4) specify that when Texas Eastern is unable to award capacity to the winning bidder, it will award the capacity to the second highest bidder subject to concurrence of that party, and subject to that party notifying Texas Eastern within one business day if it rejects such award. Texas Eastern's revised tariff sheets satisfactorily comply with the requirements of the Commission's August 31 order.

**ACTIVITIES:**

August 26, 2005 - PGW filed an "Intervention" with the Commission.

November 9, 2005 - The Commission issued an order accepting this filing.

**Docket RP05-507-000 and RP05-507-001**  
**- Dominion Transmission, Inc.**  
**Capacity Release Transactions**

**DATE FILED:** July 11 and 14, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Substitute Second Revised Sheet No. 1153 and Third Revised Sheet No. 1154 to FERC Gas Tariff, Third Revised Volume No. 1

On July 11, 2005, as amended on July 14, 2005, Dominion Transmission, Inc. (DTI) filed the above-referenced tariff sheets to revise Section 23, Capacity Release, of the General Terms and Condition of its tariff to provide the right to terminate a replacement customer's capacity release transaction in the event the releasing customer's contract is terminated. The proposed tariff sheets provide DTI with the option to terminate a replacement customer's service agreement if the releasing customer's service agreement is terminated consistent with previous Commission orders and the requirements set forth in the Commission's recent *Policy Statement on Creditworthiness for Interstate Natural Gas Pipelines and Order Withdrawing Rulemaking Proceeding*. The tariff sheets referenced above are accepted effective August 8, 2005, as proposed.

**ACTIVITIES:**

July 22, 2005 - PGW filed an "Intervention" with the Commission.

August 4, 2005 – The Commission issued an order accepting this filing

**Docket Nos. RP05-480**  
**Transcontinental Gas Pipeline Corp.**  
**Compliance Filing NEASB Standard Adoption**

**DATE FILED:** September 29, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

On September 29, 2005 Transcontinental Gas Pipe Line Corporation (Transco) filed a motion for an extension of time to place tariff sheets<sup>50</sup> into effect which were accepted by Commission letter orders issued August 11, 2005 and September 28, 2005 in Docket Nos. RP05-480-000 and RP05-480-001, respectively.<sup>51</sup> Transco requests that the tariff sheets implementing NASEB WGQ Version 1.7 Standards 2.3.59 and 2.3.60 become effective November 1, 2005 in lieu of October 1, 2005. Transco states that the request for extension of time is due to delays in the development and implementation of programming changes to its ILine business system caused by Hurricanes Katrina and Rita.

Transco's request for extension of time was noticed on October 4, 2005, allowing for protests to be filed on or before October 11, 2005. No adverse comments or protests were filed.

For good cause shown, Transco's motion for an extension of time to place the tariff sheets listed in the Appendix into effect November 1, 2005 is granted.

**ACTIVITIES:**

October 14, 2005 – The Commission issued an order accepting this filing

**Docket RP05-410**  
**Texas Eastern Transmission, L. P.**  
**Compliance Filing NEASB Standard Adoption**

**DATE FILED:** June 30, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

On June 30, 2005 Texas Eastern Transmission, LP (Texas Eastern) filed tariff sheets<sup>52</sup> to comply with Order No. 587-S.53 Order No. 587-S incorporates Version 1.7 of the North American Energy Standards Board Wholesale Gas Quadrant's (NAESB) consensus standards; the standards to implement Order No. 200454 ratified by NAESB on June 25, 2004 (2004 Annual Plan Item 2 FERC Order 2004); the standards to implement Order No. 2004-A ratified by NAESB on May 3, 2005 (2005 Annual Plan Item 8 FERC Order 2004); and the standards governing gas quality reporting ratified by NAESB on October 20, 2004 (Recommendation R03035A). In addition, Texas Eastern requests waiver of the EDI/EDM and FF/EDM processing requirements related to the NAESB Version 1.7 data sets until such time as requested by a Part 284 customer.

On July 21, 2005 Texas Eastern filed an informational letter to advise the Commission and its shippers that prior to finalizing the posting of information regarding the quality of gas on the mainline for representative mainline points on its system, Texas Eastern would post a template on its website to gather feedback from its customers.

Texas Eastern's tariff sheets comply with Order No. 587-S and are accepted effective September 1, 2005. Texas Eastern is granted an extension of time to comply with a NAESB data set for up to 90 days from the date a Part 284 customer first requests use of a NAESB data set that Texas Eastern does not currently support.

Public notice of the filing was issued on July 12, 2005. Interventions and protests were due on or before July 18, 2005. Pursuant to Rule 214, (18 C.F.R. § 385.214 (2005)), all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties.

KeySpan<sup>55</sup> filed comments requesting that the Commission modify Texas Eastern's Order No. 587-S filing, as discussed below. No other adverse comments or protests were filed.

KeySpan requests that Texas Eastern be required to explicitly include, in Texas Eastern's existing creditworthiness provisions in sections 3.3 and 3.4 of its General Terms and Conditions (GT&C), the creditworthiness requirements of NAESB Standards 0.3.3 through 0.3.10. KeySpan contends that such a revision would allow Texas Eastern's shippers to quickly locate all of Texas Eastern's significant creditworthiness provisions by examining one section of Texas Eastern's tariff. KeySpan also requests that Texas Eastern be required to include a reference, in section 5 of its GT&C, to the gas quality provisions that it is providing on its website pursuant to NAESB Standard 4.3.90. KeySpan contends that providing such a reference would increase the likelihood that all of Texas Eastern's shippers would be aware of the availability of current gas quality information.

The Commission recently addressed similar concerns raised by KeySpan in a *Transco* order.<sup>56</sup> Specifically, the Commission found that the NAESB creditworthiness standards can be adopted by reference in the tariff and do not need to be included in the tariff verbatim, as requested by KeySpan. With respect to the gas quality provisions, the Commission did not require Transco to reference in its tariff the posting of gas quality information because NAESB Standard 4.2.23, which Transco had incorporated by reference, requires website posting, so further reference to posting of gas quality information in the tariff was not needed, and because shippers such as KeySpan are aware of a pipeline's website and the information contained on that website. Therefore, consistent with the Commission's findings in *Transco*, KeySpan's requests are denied.

Lastly, KeySpan requests that Texas Eastern be required to consult with its customers regarding what gas quality information will be posted on Texas Eastern's website. Order No. 587-S provides that pipelines should post information relevant to their shippers and consult with shippers in determining the information posted.<sup>57</sup> Additionally, Texas Eastern's July 21, 2005 informational letter also states that it will enlist customer feedback regarding the posting of gas quality information on its website. Accordingly, the requirements set forth in Order No. 587-S along with Texas Eastern's July 21, 2005 informational letter sufficiently address KeySpan's request.

#### **ACTIVITIES:**

October 14, 2005 – The Commission issued an order accepting this filing

**Docket RP05-408**  
**Texas Eastern Transmission, L. P.**  
**Electric Power Costs (EPC)**

**DATE FILED:** June 30, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

On June 30, 2005, Texas Eastern Transmission, LP (Texas Eastern) filed, pursuant to Section 15.1 of the General Terms and Conditions of its tariff, revised tariff sheets<sup>58</sup> to adjust the Electric Power Cost (EPC) component of its rates. The tariff sheets listed in the Appendix are accepted effective August 1, 2005, as proposed.

The EPC adjustment reflects changes in Texas Eastern's projected expenditures for electric power required to operate transmission compressor stations with electric motor prime movers for the twelve months beginning August 1, 2005. The revised EPC rates are based on Texas Eastern's estimated annual electric costs to be tracked of approximately \$39.8 million, and the latest actual twelve-month throughput quantities ending April 2005, adjusted for changes for the twelve-month period commencing August 1, 2005. The filing also reflects EPC costs allocated to the incremental services on the Freehold, TIME, and M-1 expansion projects in accordance with prior Commission orders and EPC tracking filings. Additionally, the EPC rates continue to include EPC Surcharges previously filed in Docket No. RP05-137-000, which are designed to clear the balance in the Deferred EPC Account.

**ACTIVITIES:**

June 9, 2005 - PGW filed an "Intervention" with the Commission.

July 22, 2005 - The Commission issued an order accepting this filing

**Docket RP05-373**  
**Dominion Transmission, Inc.**  
**Abandonment of Gathering Facilities**

**DATE FILED:** June 6, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

On June 6, 2005, Dominion Transmission, Inc. (DTI) filed a notice of abandonment and sale of approximately 8,000 feet of the gathering portion of Line No.

H-21777 located in Buchanan County, Virginia. DTI states that it's only gathering transportation customer on the line, Appalachian Energy, is also the party acquiring the facility. DTI states that no other contracts for transportation service will be canceled and that Appalachian Energy will continue to receive gathering service on the portion of Line No. H-21777 retained by DTI.

DTI's Second Revised Volume No. 1A, Original Sheet No. 84 reflects that part of gathering Line No. H-21777 is used for gathering service. Since Dominion will still provide gathering service on Line No. H-21777, no change is required to DTI's tariff.

DTI's notice is accepted for filing.

Public notice of the filing was issued on June 15, 2005. Interventions and protests were due as provided in section 154.210 of the Commission's regulations. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2004)), all timely filed motions to intervene and any motion to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

**ACTIVITIES:**

June 13, 2005 - PGW filed an "Intervention" with the Commission.

June 30, 2005 - The Commission issued an order accepting this filing.

**Docket Nos. RP05-388**  
**Transcontinental Gas Pipeline Corp.**  
**Posting Available Firm Capacity**

**DATE FILED:** May 10, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

On May 10, 2005, Transcontinental Gas Pipe Line Corporation (Transco) filed the above referenced tariff sheet to revise certain provisions in section 48 of the General Terms and Conditions (GT&C) of Transco's tariff, to clarify the procedures to be followed in the event no bids are received or accepted by Transco in response to a posting of available firm capacity under section 48. The referenced tariff sheet is accepted effective June 9, 2005, as requested.

Public notice of the filing was issued on May 13, 2005, with interventions and protests due as provided in Section 154.210 of the Commission's regulations. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2004)), all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. No adverse comments or protests were filed.

GT&C section 48 is titled Right of First Refusal (ROFR) Procedures. Transco states that GT&C section 48.6 currently provides that, in the event no bids are received or accepted by Transco in response to a posting of available firm capacity, the Buyer with a ROFR (ROFR Buyer) may continue to receive service at the maximum rate and at a term selected by the ROFR Buyer, provided that the ROFR Buyer executes a new service agreement prior to the expiration of the term of the existing service agreement, or within thirty days following the date that Transco tenders the new service agreement if the new service agreement is tendered on or after the expiration date of the existing agreement. Transco states that GT&C section 48.6 does not explicitly address the time frame within which the ROFR Buyer must exercise its ROFR rights.

In the instant filing, Transco proposes to clarify its ROFR procedure to provide that the ROFR Buyer shall have fifteen business days after receiving Transco's notification that no bids were received or accepted by Transco, to make a binding written commitment with Transco regarding the rate and term of continued service. Transco states that if the ROFR Buyer and Transco fail to reach such a commitment within the required time frame, then the ROFR Buyer's right of first refusal shall terminate, and Transco will post the available firm capacity, not subject to ROFR. Transco states that this proposed revision will add clarity and certainty to the timing of the offering of such firm capacity

by Transco. Transco also notes that the instant proposal is similar to provisions contained in the tariffs of other pipelines and already approved by the Commission.<sup>59</sup>

**ACTIVITIES:**

May 20, 2005 - PGW filed an "Intervention" with the Commission.

June 7, 2005 – The Commission issued an order accepting this filing.

**Docket Nos. RP05-240**  
**Texas Eastern Transmission, L. P.**  
**Selective Discounting**

**DATE FILED:** March 21, 2005

**ISSUES:** Remove tariff provision on discounting pipeline services. Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

On April 18, 2005, the Commission issued a letter order in this proceeding accepting Texas Eastern Transmission LP's, (Texas Eastern) tariff filing to remove from its tariff provisions that implemented the *CIG/Granite State* policy on discounting. ProLiance Energy, LLC (ProLiance) filed a timely request for rehearing of that letter order. For the reasons discussed below, ProLiance's request for rehearing is denied.

On March 21, 2005, in response to the Commission's Second Order on Remand in *Williston Basin Interstate Pipeline Company (Williston Order)*,<sup>60</sup> Texas Eastern filed to remove from its tariff provisions that implemented the *CIG/Granite State* policy. The *Williston Order*, among other things, vacated the requirement that permitted a shipper to retain a service rate discount through a streamlined request process when it moved gas receipts or deliveries to segmented points or secondary points. In the *Williston Order*, the Commission also stated that it cannot, at this time, satisfy its burden under section 5 of the Natural Gas Act (NGA) to require pipelines to modify their tariffs to incorporate the *CIG/Granite State* policy.

ProLiance protested Texas Eastern's filing. The Commission accepted Texas Eastern's March 21, 2005 filing in the April 18, 2005 letter order. The Commission found that Texas Eastern's reference to the *Williston Order* and its reliance on the Commission's determinations in that order constituted sufficient support for its proposed tariff changes. ProLiance has requested rehearing of the April 18, 2005 letter order.

**Discussion**

In its request for rehearing, ProLiance argues that the Commission erred by authorizing Texas Eastern to delete tariff provisions related to the *CIG/Granite State* policy without any evidentiary support either that Texas Eastern has been harmed by the Commission's discounting policy, or that the *Williston Order* should apply to Texas Eastern since it is not a reticulated pipeline. ProLiance also asserts that the *Williston Order* does not authorize individual pipelines to remove tariff provisions, but merely authorizes pipelines to file for a determination of whether it is appropriate for a pipeline to remove tariff provisions similar to Williston Basin Interstate Pipeline Company's (Williston Basin) discounting provisions. ProLiance further claims that Texas Eastern has not met its burden under section 4 of the NGA to show that its rates are just and

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reasonable. For the reasons discussed below, ProLiance's request for rehearing is denied.

Contrary to ProLiance's contention, the *Williston* Order did not merely authorize pipelines to file for a Commission determination on whether to remove their discount retention provisions. In *Williston Basin Interstate Pipeline Co. v. FERC*,<sup>61</sup> the United States Court of Appeals for the District of Columbia Circuit held that the Commission had not adequately justified the general policy established in *CIG/Granite State* concerning retention of discounts. The court expressed concern that the *CIG/Granite State* policy would have an adverse effect on the goal of selective discounting. The court observed that the purpose of selective discounting is to increase throughput by allowing price discrimination in favor of demand-elastic customers, but a pipeline is unlikely to increase throughput by selective discounting if shippers can readily transfer capacity at secondary points through resale at a discounted rate. The court stated that "economic theory tells us price discrimination, of which selective discounting is a species, is least practical where arbitrage is possible – that is, where a low-price buyer can resell to a high price buyer. . . . Yet this is precisely what the Commission's policy would appear not only to allow but to encourage." 358 F.3d at 50. Thus, the court's concern focused on the fact that the *CIG/Granite State* policy undermines the benefits of selective discounting. In response to the court's decision, the Commission issued an order on remand seeking comments on the *CIG/Granite State* policy on June 1, 2004.<sup>62</sup>

In the *Williston* Order the Commission found, based upon review of the comments received, that the *CIG/Granite State* policy does not provide the anticipated benefits to shippers and may in fact harm captive customers by discouraging pipelines from offering selective discounts to increase throughput and generate more revenue.<sup>63</sup> The pipeline commenters in the *Williston* Basin proceeding presented evidence and arguments that showed that the *CIG/Granite State* policy discourages selective discounting. The Commission explained that the *CIG/Granite State* policy enables a shipper to transfer an operationally based discount to another point where the pipeline does not need to discount to attract throughput, with the result that the operational benefits of granting the discount are lost. Further, the Commission explained that the *CIG/Granite State* policy could discourage discounting because under that policy, a discount provided to obtain additional throughput at competitive points could be transferred to other less competitive points. Therefore, the Commission vacated the Commission's existing policy governing the portability of shipper rate discounts and provided that other pipelines whose tariffs implemented the *CIG/Granite State* policy could file, pursuant to NGA section 4, to remove their tariff provisions implementing the *CIG/Granite State* policy.<sup>64</sup>

The Commission has sufficient evidence on record in the *Williston Basin*

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proceeding that the *CIG/Granite State* policy discourages selective discounting. On the other hand, ProLiance fails to present any factual evidence that Texas Eastern's tariff provision implementing the *CIG/Granite State* policy has benefited its shippers or substantially contributed to competition in the secondary market. For example, ProLiance does not state that it ever filed a request with Texas Eastern to retain a discount pursuant to Texas Eastern's tariff provision implementing the *CIG/Granite State* policy. Nor does ProLiance provide any example of a transaction that Texas Eastern's tariff language made possible which would not have occurred absent that tariff provision. In a recent order on rehearing of the *Williston* Order, the Commission has affirmed its ruling vacating the *CIG/Granite State* policy and allowing pipelines to remove their tariff provisions implementing the *CIG/Granite State* policy.<sup>65</sup> Accordingly, the Commission affirms its finding in the April 18, 2005 letter order that Texas Eastern's reference to the *Williston* Order satisfies the need to explain the reason for its proposed changes to remove tariff provision implementing the *CIG/Granite State* policy from its tariff under section 4 of the NGA.

ProLiance also suggests that the *Williston* Order should not apply to Texas Eastern since it is not a reticulated pipeline. We disagree. As stated in the recent order on rehearing in the *Williston Basin* proceeding, the court's decision remanding this proceeding to the Commission concerned not only the application of the *CIG/Granite State* policy to reticulated systems, but also the broader issue of the adverse effect of the policy on all pipelines' ability to use selective discounting to obtain additional throughput. The court was concerned that allowing automatic shifting of discounts on straight line systems could limit a pipeline's incentive to offer selective discounts at points where competition mandates discounts, if shippers can readily move that discount to a secondary point. 358 F.3d at 50. The June 1, 2004 Order on remand in the *Williston Basin* proceeding made it clear that the Commission was seeking comments on the general policy established in *CIG/Granite State*. In the recent order on rehearing of the *Williston* Order, the Commission found that ProLiance's suggestion that the Commission should have only addressed the application of the *CIG/Granite State* policy to reticulated pipeline systems and left for another day the application of the policy to long-line pipeline systems was without merit.<sup>66</sup> The Commission's denial of ProLiance's request for rehearing in this order is consistent with that finding.

On March 21, 2005, Texas Eastern Transmission, LP (Texas Eastern) filed the above-referenced tariff sheets to delete a tariff provision that set forth a rebuttable presumption policy and a two-hour processing requirement for discounts. A protest was filed, the details of which are discussed below. Texas Eastern's proposed deletion of the subject tariff provision and the referenced tariff sheets are accepted effective April 21, 2005 as requested.

Texas Eastern states that the purpose of the instant filing is to delete section 28.3 of the General Terms and Conditions (GT&C) of its tariff. Section 28.3 of the GT&C of Texas Eastern's tariff sets forth the procedures whereby a customer receiving a discount at a specific point may request that this discount apply at a different point. Section 28.3 states that there is a rebuttable presumption that such discount shall apply at the requested point if at the time of the request, Texas Eastern is granting discounts to similarly situated customers at the same point. Section 28.3 also provides that Texas Eastern shall respond to the customer's request within two hours. This rebuttable presumption policy and two-hour processing requirement were articulated by the Commission in *Colorado Interstate Gas Co.*, 95 ¶ 61,321 (2001) and modified in *Granite State Gas Transmission, Inc.*, 96 ¶ 61,273 (2001).

In *Williston Basin Interstate Pipeline Company*,<sup>67</sup> the Commission determined that it could not show pursuant to section 5 of the Natural Gas Act (NGA) that the benefits of the *CIG/Granite State* policy in increasing competition outweigh the disadvantages of potentially discouraging pipelines from using selective discounting to increase throughput. The Commission further found that the Commission's discount policy as set forth in *El Paso Natural Gas Co.*<sup>68</sup> more appropriately balances the goals of the selective discount policy with the Commission's goals in adopting its segmentation and flexible point rights policies of enhancing competition. The Commission concluded that pipelines who implemented the *CIG/Granite State* policy may file pursuant to NGA section 4 to remove their tariff provisions implementing that policy.

Public notice of the instant filing was issued on March 25, 2005. Interventions and protests were due as provided in section 154.210 of the Commission's regulations. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2004)), all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. ProLiance Energy, LLC (ProLiance) filed a protest.

ProLiance states that Texas Eastern's proposal to delete the tariff provisions related to the *CIG/Granite State* policy from section 28.3 of its General Terms and Conditions is completely unsupported. Moreover, ProLiance asserts that the instant filing is ill-timed, as Texas Eastern has made this filing prior to the time allowed for requests for rehearing to be filed in *Williston Basin*, which ProLiance cites as the order Texas Eastern relies on as authority to remove provisions in its tariff that articulate the *CIG/Granite State* policy.

The Commission finds that Texas Eastern is merely acting upon the Commission's findings in *Williston Basin* that pipelines who implemented the *CIG/Granite State* policy may file to remove such provisions that implement that policy from their tariff. The Commission further finds that Texas Eastern's reference to *Williston Basin*, and its

reliance on the Commission's determinations in that order constitute sufficient support for its proposal in the instant filing.

While ProLiance has filed for rehearing of *Williston Basin* in Docket No. RP00-463, the filing of a request for rehearing does not operate as a stay of a Commission order, unless specifically ordered by the Commission, which the Commission has not done. Accordingly, Texas Eastern's proposal is consistent with current Commission policy, and the protest by ProLiance is denied. Texas Eastern's proposed deletion of GT&C section 28.3 from its tariff is accepted effective April 21, 2005.

**ACTIVITIES:**

June 7, 2005 – The Commission issued an order accepting this filing.

**Docket Nos. RP05-218-001**  
**Transcontinental Gas Pipeline Corp.**  
**Annual Fuel Retention Percentages (GRO)**

**DATE FILED:** March 31, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

On March 1, 2005, Transcontinental Gas Pipe Line Corporation (Transco) tendered for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, the following tariff sheets to become effective April 1, 2005:

Twenty-Second Revised Sheet No. 29  
Nineteenth Revised Sheet No. 44  
Fifty-Sixth Revised Sheet No. 50  
Eighth Revised Sheet No. 61  
Fourth Revised Sheet No. 61A

Transco states that the purpose of the instant filing is to recalculate its fuel retention percentages applicable to transportation and storage rate schedules pursuant to section 38 of the General Terms and Conditions of Transco's Third Revised Volume No. 1 Tariff.

RP05-218-001 - Annual Fuel Retention Percentages Compliance Filing

On April 8, 2005, Transcontinental Gas Pipe Line Corporation (Transco) filed supplemental information to comply with the Commission's March 31, 2005 order issued in Docket No. RP05-218-000 (110 FERC ¶ 61,402 (2005)). The March 31, 2005 order, among other things, directed Transco to provide further explanatory information to address the issues raised by the Municipal Gas Authority of Georgia; the City of Richmond, Virginia; and the Transco Municipal Group regarding calculations contained in Appendix B, Part 1, Page 2 at footnotes 2 and 3 of its Calculation of Deferred GRO Account – System Transportation.

Transco's supplemental information adequately supports the prior period adjustments identified in Appendix B, Part 1, and Page 2 at footnotes 2 and 3 of its Calculation of Deferred GRO Account – System Transportation. Transco's compliance filing thus satisfactorily complies with the March 31, 2005 order and is accepted for filing.

Public notice of the filing was issued on April 14, 2005, and an errata notice was issued on April 22, 2005, correcting the reference order identified in the April 14, 2005 notice. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's rules of Practice and Procedure (18 C.F.R. § 385.214). Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214. No protests or adverse comments were filed.

**ACTIVITIES:**

May 20, 2005 - PGW filed an "Intervention" with the Commission.

June 7, 2005 – The Commission issued an order accepting this filing.

**Docket Nos. RP05-215**  
**Transcontinental Gas Pipeline Corp.**  
**Transmission Electric Power (TEP) Cost Adjustment**

**DATE FILED:** March 1, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

On March 1, 2005, Transcontinental Gas Pipe Line Corporation (Transco) filed revised tariff sheets,<sup>69</sup> pursuant to Section 41 of its General Terms and Conditions, to reflect net changes in the Transmission Electric Power (TEP) rates to be effective April 1, 2005. The referenced tariff sheets are accepted effective April 1, 2005, as proposed.

In summary, Transco's filing revises the TEP rates to recover \$12,839,320 of electric costs required for the system's compressor stations during the annual period April 1, 2005 through March 31, 2006. The filing also reduces the TEP rates as a result of a <\$4,026,753> in the TEP Deferred Account Balance as of January 31, 2005. Based on the electric costs set forth in the filing, Transco's TEP demand charges increase and the TEP commodity charges decrease.

**ACTIVITIES:**

May 14, 2005 - PGW filed an "Intervention" with the Commission.

March 29, 2005 - The Commission issued an order accepting this filing.

**Docket Nos. RP05-173  
Transcontinental Gas Pipeline Corp.  
Rate Schedule X-28 Storage Services**

**DATE FILED:** February 2, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

On February 2, 2005, Transcontinental Gas Pipe Line Corporation (Transco) tendered for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, Twenty Ninth Revised Sheet No. 28, to become effective February 1, 2005. Transco states that the proposed changes would reflect a decrease in the rate schedule S-2 demand charge from \$0.1580 to \$0.1576, withdrawal charge from \$0.0541 to \$0.0534 and demand charge adjustment from \$0.3819 to \$0.3811. Transco indicates that the purpose of the instant filing is to track rate changes attributable to storage service purchased from Texas Eastern Transmission, LP under its rate schedule X-28, the costs of which are included in the rates and charges payable under Transco's rate schedule S-2.

The referenced tariff sheet satisfactorily complies with Transco's tariff and is accepted effective February 1, 2005.

**ACTIVITIES:**

February 14, 2005 - PGW filed an "Intervention" with the Commission.

February 23, 2005 – The Commission issued an order accepting this filing.

**Docket Nos. RP05-137**  
**Texas Eastern Transmission, L. P.**  
**Electric Power Cost Adjustment (EPC)**

**DATE FILED:** December 30, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

On December 30, 2004, Texas Eastern Transmission, LP (Texas Eastern) filed revised tariff sheets (see Appendix for listing of tariff sheets) to reflect a decrease in Texas Eastern's Electric Power Cost (EPC) Adjustment, to be effective for the twelve-month period beginning February 1, 2005. The filing reflects revised Current Unit EPC charges based on the projected annual EPC required for the operation of transmission compressor stations with electric motor prime movers. The filing also reflects revised EPC surcharges which are designed to clear the balances in the Deferred EPC Accounts. Texas Eastern explains that the EPC Surcharges have all decreased with the exception of the surcharge for the M-1 Expansion Project. Texas Eastern states that, as required by the Commission orders certificating the Freehold, TIME, and M-1 Expansion Projects, all EPC costs associated with the incremental services for these projects are allocated to the respective expansion projects. Finally, Texas Eastern states that the filing reflects the allocation of costs in accordance with the methodology set forth in the unopposed joint settlement filed on November 18, 2004, in Docket Nos. RP03-542, *et al.*, and certified to the Commission on December 22, 2004. The proposed revised rates are found to be consistent with Texas Eastern's tariff and the rate methodology of the uncontested settlement approved in Docket Nos. RP03-542, *et al.* Accordingly, the revised tariff sheets listed in the Appendix are accepted effective February 1, 2005, as proposed.

**ACTIVITIES:**

January 7, 2005 - PGW filed an "Intervention" with the Commission.

January 26, 2005 – The Commission issued an order accepting this filing.

**Docket CP06-10**  
**Dominion Transmission, Inc.**  
**Reclassify from Jurisdictional Transmission to Gathering**

**DATE FILED:** October 24, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

On October 24, 2005, DTI tendered for filing an application for authorization to reclassify from jurisdictional transmission to gathering, exempt from the Commission's jurisdiction under section 1(b) of the NGA the following: (1) approximately two 500 horsepower compressor units at its Hastings compressor station; and, (2) 218 feet of 12-inch diameter pipe on Line H-1 and five feet of 12-inch diameter pipe on Line H-10, all in Wetzel County, West Virginia as more specifically set for in its filing.

**ACTIVITIES:**

November 17, 2005 - PGW filed an "Intervention" with the Commission.

The Commission order is pending procedural motion in this filing.

**Docket Nos. CP06-16  
Transcontinental Gas Pipeline Corp.  
Station 50 Upgrade**

**DATE FILED:** October 31, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Take notice that on October 31, 2005, Transcontinental Gas Pipe Line Corporation (Transco), Post Office Box 1396, Houston, Texas 77251, filed, in CP06-16-000, an application pursuant to section 7 of the Natural Gas Act (NGA), for a certificate of public convenience and necessity authorizing Transco to remove and abandon two combined-cycle gas turbines totaling 13,040 horsepower as well as construct and operate a new 10,310 horsepower simple-cycle gas-fired compressor and additional facilities at its Compressor Station No. 50 in Evangeline Parish, Louisiana, all as more fully set forth in the application which is on file with the Commission and open to public inspection.

**ACTIVITIES:**

November 10, 2005 - PGW filed an "Intervention" with the Commission.

The Commission order is pending procedural motion and environmental assessment in this filing.

**Docket Nos. CP05-392  
Texas Eastern Transmission, L. P.  
Accident Storage Field**

**DATE FILED:** July 6, 2005

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

On July 6, 2005, Texas Eastern Transmission, LP, (Texas Eastern) filed an application pursuant to section 7(c) of the Natural Gas Act and part 157 of the regulations of the Federal Energy Regulatory Commission (Commission) requesting a certificate of public convenience and necessity authorizing Texas Eastern to enhance the reliability and flexibility of its Accident Storage Field located in Garrett County, Maryland, by improving deliverability at lower inventory levels, expanding the working gas capacity by 3.0 Bcf, and increasing the injection capability, thereby increasing the overall performance capabilities of the field. Texas Eastern filed an application requesting a certificate of public convenience and necessity authorizing it to enhance the reliability and flexibility of its Accident Storage Field by (1) improving deliverability at lower inventory levels, (2) expanding working gas capacity by 3 Bcf, and (3) increasing injection capability.

The Philadelphia Gas Works request the Commission to find that (1) the application of Texas Eastern Transmission, LP ("Texas Eastern") does not establish that the proposed enhancements of the Accident Storage Field are required by the present or future public convenience and necessity; and (2) additional information and analyses must be provided to permit the parties and the Commission to understand the costs and benefits of the proposed Accident Storage project.

**THE RECORD IS INSUFFICIENT TO JUSTIFY APPROVAL  
OF TEXAS EASTERN'S APPLICATION**

As recognized by Texas Eastern at page 7, n. 10, of its application, this is neither the first time Texas Eastern has filed an application for approval of construction to address its "storage problem" nor the first time Texas Eastern's customers have submitted objections to such a proposal. In light of this history, it may be useful for the Companies to set forth their position as to this matter. The Companies believe that the public convenience and necessity do not require additional expenditures by Texas Eastern to expand its system storage capabilities unless Texas Eastern is able to demonstrate that the benefits of the proposed project exceed its costs. Texas Eastern's July 6, application fails to make this demonstration.

Texas Eastern recounts the basics of the history of its storage issue at pages 5-7 of its application. Simply stated, Texas Eastern does not have sufficient "system storage" to provide the balancing required by its transmission customers. As a result, Texas Eastern is required to borrow storage from its "contract storage" customers. As the quid pro quo for making the storage facilities for which they pay available for system transportation balancing, the contract storage customers receive a credit. This credit is funded via an allocation of a portion of the cost of service of the contract storage facilities to Texas Eastern's transmission services.

In addition to having the right to borrow gas from its contract storage customers, Texas Eastern, like other interstate pipeline, has the right to impose OFOs to enable it to provide no-notice service and manage its system. Imposition of these OFOs can limit the ability of contract storage customers to inject and withdraw gas. However, importantly for the Companies' analysis, Texas Eastern's application provides no history of its imposition of OFOs, making it impossible to quantify the extent of the problem Texas Eastern purports to address.

The extent to which the Accident Storage proposal would address the "problem," i.e., market area balancing requirements, also is unquantified. By way of example, the Texas Eastern application does not point to a single OFO that would not have been required if the Accident Storage project had been implemented. To the contrary, the application merely alludes to "improving deliverability at lower inventory levels" and "increasing injection capability" without quantifying either. See in particular, page 12 of the application which reports that the Accident Field can now deliver at a maximum rate of 400 MMcfd, but does not quantify deliverability after completion of the proposed project. In fact, other than the deleted information in the "red-lined" Exhibit Z1, page 2, there is no specification of increased injection and withdrawal capability.

Just as it has failed to quantify the benefits of this project, the Texas Eastern application fails to quantify the project's costs. While Exhibit K, page 2, informs the record that the estimated cost of the project is \$20,547,000, the application contains no estimate of the annual increase to Texas Eastern's cost of service. Moreover, while Exhibit G demonstrates that Texas Eastern's fuel requirements would expand dramatically as a result of the proposed Accident project,<sup>70</sup> Texas Eastern provides no dollar estimate of the cost of this fuel, a cost it would pass through to its customers.

Reduced to its essentials then, the Texas Eastern application is replete with generalities, but fails to provide the specific information as to costs and benefits that must be presented and tested before the Commission authorizes the proposed Accident project.

On the basis of the foregoing, the Companies have a direct and substantial interest in the above docket and may be affected by its ultimate determination. The Companies will not be represented adequately by any other party and may be adversely affected or bound without opportunity to present their position unless they are permitted to participate fully in the proceedings.

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The Companies further request the Commission to deny Texas Eastern's application unless Texas Eastern presents information adequate to demonstrate that the benefits of its project outweigh its costs.

**ACTIVITIES:**

August 8, 2005 - PGW filed an "Intervention" with the Commission.

The Commission order is pending procedural motion and environmental assessment in this filing.

**Docket Nos. CP05-37**  
**Transcontinental Gas Pipeline Corp.**  
**Station 170 Clean Air Act Upgrade**

**DATE FILED:** December 14, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

On December 14, 2004, Transcontinental Gas Pipe Line Corporation (Transco) filed an application pursuant to section 7(c) of the Natural Gas Act (NGA) in Docket No. CP05-37-000 for a certificate of public convenience and necessity authorizing it to construct and operate certain facilities to reduce oxides of nitrogen (NOx) emissions at Compressor Station 170 in Appomattox, Virginia. The Commission will authorize Transco's proposed project, with appropriate conditions, as discussed below. Approval of this project will serve the public interest because the new facilities will result in the reduction of NOx emissions, bringing Transco into compliance with the Clean Air Act Amendments of 1990 (Clean Air Amendments) and the State of Virginia's plan to implement the requirements of the Clean Air Amendments.

Virginia's implementation plan for the Clean Air Amendments requires reductions of NOx air emissions at certain of Transco's compressor stations. Accordingly, Transco planned to install facilities at its various compressor stations over a period of a few years to achieve the reductions of NOx emissions. Transco has already completed the installation on certain stations. In those instances where the projects' costs have not exceeded the blanket certificate regulations' cost limits, Transco has installed the facilities pursuant to its blanket certificate authority under Subpart F of Part 157 of the regulations. However, at Station No. 170 in Appomattox, Virginia, Transco's planned air emissions modifications are estimated at \$34.4 million. Since these projected costs will exceed the prior notice cost limit for calendar year 2005 (\$22,000,000), Transco requests case-specific certificate authorization for this project.

Transco proposes to install turbochargers and associated equipment on seven of the eleven reciprocating engines at Station No. 170 in order to reduce NOx emissions. These engines currently do not have turbochargers on them. Transco also plans to modify the existing turbochargers on the four other reciprocating units at Station No. 170 and install associated equipment in order to increase the capacity of the turbochargers, which will reduce NOx emissions.

Transco states that, following installation of the turbochargers, the seven newly-turbocharged engines will have the potential to perform above their current operating

horsepower. However, since Station No. 170 is automated, Transco maintains that it has the ability to shut down other engines or reduce their load to ensure that the station will not operate above the station's total certificated horsepower. Transco states that modification of the existing turbochargers on the four other reciprocating engines at Station No. 170 to increase their capacity will not create the potential for these engines to perform above their current operating horsepower since these engines already operate at maximum horsepower and cannot operate at a higher horsepower output. Accordingly,

Transco states that this project will not result in any increase in the capacity of Transco's system at Station No. 170 or elsewhere on Transco's system.

Discussion:

Transco proposes to modify facilities used for the transportation of natural gas in interstate commerce subject to the jurisdiction of the Commission. Therefore, Transco's proposal is subject to the requirements of subsections (c) and (e) of Section 7 of the NGA.

On September 15, 1999, the Commission issued a Policy Statement to provide guidance as to how we will evaluate proposals for certificating new construction. The Policy Statement establishes criteria for determining whether there is a need for a proposed project and whether the proposed project will serve the public interest. The Policy Statement explains that in deciding whether to authorize the construction of major new pipeline facilities, the Commission balances the public benefits against the potential adverse consequences. The Commission's goal is to give appropriate consideration to the enhancement of competitive transportation alternatives, the possibility of overbuilding, subsidization by existing customers, the applicant's responsibility for unsubscribed capacity, the avoidance of unnecessary disruptions of the environment, and the unneeded exercise of eminent domain in evaluating new pipeline construction.

Under the Commission's policy, the threshold requirement for pipelines proposing new projects is that the pipeline must be prepared to financially support the project without relying on subsidization from existing customers. If the applicant is an existing pipeline, the next step is to determine whether the applicant has made efforts to eliminate or minimize any adverse effects the project might have on the applicant's existing customers.

For both new companies and existing pipelines, the Commission also considers potential impacts of the proposed project on other pipelines in the market and those existing pipelines' captive customers, or landowners and communities affected by the route of the new pipeline. If residual adverse effects on these interest groups are identified after efforts have been made to minimize them, the Commission will evaluate the project by balancing the evidence of public benefits to be achieved against the residual adverse effects. This is essentially an economic test. Only when the benefits outweigh the adverse effects on economic interests will the Commission then proceed to complete the environmental analysis where other interests are considered.

*Transco's proposal is necessary to reduce the NOx emissions produced by its compression facilities at Station No. 170 so that Transco will be in compliance with the Clean Air Amendments and Virginia's state implementation plan. The Policy Statement provides that the cost of new and/or replacement facilities designed to maintain and improve existing service and operations and enhance reliability and flexibility for the benefit of all customers is not considered a subsidy. Since the instant project will benefit existing customers, subsidization by those customers will not be an issue when Transco files under section 4 of the NGA to recover the costs of the facilities proposed here.*

Transco states that it does not intend to operate the seven compressor units with newly installed turbochargers in a manner that would create more capacity on its mainline or permit Transco to expand its current services. Thus, the Commission's approval of this proposal will not result in any additional capacity on Transco's system at this time. Accordingly, this project will have no effect on other competing pipelines in the market or their captive customers. Further, all of the construction activities for this project will take place within the existing boundaries of Transco's property in the fenced yard within which Station No. 170 is located; therefore, no additional land is required for the project and it will have no adverse effect on landowners.

For the above reasons, the Commission finds that the benefits of Transco's proposal will outweigh any potential adverse effects. Therefore, the Commission further finds that approval of the project is consistent with the Policy Statement and that there will be a presumption supporting rolled-in rate treatment for the costs of this clear-air project when Transco files under section 4 of the NGA to recover such costs. Accordingly, the Commission will grant Transco's request for a certificate authorizing the proposed construction activities at Station No. 170, subject to the environmental conditions discussed below.

#### Environment

On December 27, 2004, the Commission issued a Notice of Intent to prepare an Environmental Assessment (EA) for the proposed Station 170 Clean Air Modifications Project and Request for Comments on Environmental Issues (NOI). The Commission's staff did not receive any comments to the NOI.

The Commission's staff prepared an EA for Transco's proposal. The EA addresses soils, vegetation, land use, water resources, wildlife, threatened and endangered species, cultural resources, air quality, noise, and safety, and alternatives.

Based on the discussion in the EA, the Commission concludes that if constructed and operated in accordance with Transco's application, approval of this proposal would not constitute a major Federal action significantly affecting the quality of the human environment. However, consistent with the condition on the certificates issued to Transco for similar projects, Transco shall conduct a noise survey at Compressor Station

No.170 to verify that the noise from all the compressor units operated at full capacity does not exceed the previously existing noise levels at the nearby noise sensitive areas (NSAs). The results of this noise survey shall be filed with the Secretary no later than 60 days after placing the modified units in service. If any of these noise levels are exceeded, Transco shall, within one year of the in-service date, implement additional noise control measures to reduce the operating noise level at the NSAs to or below the previously existing noise level. Transco shall confirm compliance with this requirement by filing a second noise survey with the Secretary no later than 60 days after it installs the additional noise controls.

Any State or local permits issued with respect to the jurisdictional facilities authorized herein must be consistent with the conditions of this certificate. The Commission encourages cooperation between interstate pipelines and local authorities. However, this does not mean that state and local agencies, through application of state or local laws, may prohibit or unreasonably delay the construction or operation of facilities approved by this Commission.

**ACTIVITIES:**

December 30, 2004 - PGW filed an "Intervention" with the Commission.

April 13, 2005, The Commission orders:

- (A) A certificate of public convenience and necessity is issued authorizing Transco to modify 11 existing reciprocating compressor units at Station No. 170 in Appomattox County, Virginia, as more particularly described in this order and in the application.
- (B) Transco shall complete the authorized construction within two years of this order.
- (C) Transco must comply with the Natural Gas Act and all relevant provisions of the Commission's Regulations, in particular paragraphs (a), (c)(1), (c)(2), (c)(3), (e) and (f) of Section 157.20 of Part 157 of the regulations and the environmental conditions in the appendix to this order.
- (D) Transco shall notify the Commission's environmental staff by telephone or facsimile of any environmental noncompliance identified by other Federal, state, or local agencies on the same day that such agency notifies Transco. Transco shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

**Docket RP05-117**  
**Transcontinental Gas Pipe Line Corporation**  
**S-2 Injection Charge**

**DATE FILED:** December 6, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transcontinental Gas Pipe Line Corporation (Transco) tendered for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, Twenty-eighth Revised Sheet No. 28, to become effective December 1, 2004. The proposed changes would reflect a decrease in the Rate Schedule S-2 Injection Charge from \$0.0388 to \$0.0375 and Withdrawal Charge from \$0.0591 to \$0.0541.

**ACTIVITIES:**

December 14, 2004 - PGW filed an "Intervention" with the Commission in this proceeding.

**Docket RP05-66**  
**Transcontinental Gas Pipe Line Corporation**  
**Delivery Point Entitlements**

**DATE FILED:** November 8, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transcontinental Gas Pipe Line Corporation (Transco) tendered for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, the tariff sheets enumerated on Appendix A to its filing, to become effective December 1, 2004.

Transco states that the purpose of the instant filing is to: (1) modify certain provisions of its tariff to require that Transco post to its internet website exercises of discretion under those particular tariff provisions, thereby eliminating the requirement to make a duplicate posting to its waiver log, (2) propose changes to the Maximum Daily Delivery Point Entitlement provisions of section 19.1(d) and 19.2(d) of the General Terms and Conditions of its tariff; and (3) propose other changes to its tariff designed to provide greater service flexibility for Transco and its shippers.

**ACTIVITIES:**

November 16, 2004 - PGW filed an "Intervention" with the Commission in this proceeding.

December 8, 2005 -The Commission issued an order accepting this filing to be effective December 1, 2004..

**Docket RP05-61**  
**Transcontinental Gas Pipe Line Corporation**  
**GSS, LSS Services Rate Changes**

**DATE FILED:** November 4, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transcontinental Gas Pipe Line Corporation (Transco) tendered for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, the following tariff sheets, to become effective November 1, 2004:

Thirty-Eighth Revised Sheet No. 27  
Fifty-Second Revised Sheet No. 28A

Transco states that the proposed rate changes would decrease the annual revenues by approximately \$120,000.

**ACTIVITIES:**

November 16, 2004 - PGW filed an "Intervention" with the Commission in this proceeding.

November 23, 2004 - The Commission issued an order accepting this filing.

**Docket RP05-54**  
**Dominion Transmission Inc**

**DATE FILED:** October 29, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Dominion Transmission, Inc., (DTI) tendered for filing as part of its FERC Gas Tariff, Second Revised Volume No. 1A, First Revised Sheet No. 86 and First Revised Sheet No. 87, to be effective December 1, 2004.

DTI states that the purpose of this filing is to add certain recently acquired gathering lines as part of DTI's FERC Gas Tariff, Second Revised Volume No. 1A..

**ACTIVITIES:**

November 10, 2004 - PGW filed an "Intervention" with the Commission in this proceeding.

November 24, 2004 - The Commission issued an order accepting this filing.

**Docket RP05-51**  
**Dominion Transmission, Inc**  
**ROFR Rights**

**DATE FILED:** October 29, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Dominion Transmission, Inc. (DTI) tendered for filing certain revised tariff sheets to Third Revised Volume No. 1 of its FERC Gas Tariff. DTI states that the purpose of this filing is to revise DTI's Tariff to clarify and update all procedures related to the allocation of capacity. DTI proposes specifically (a) to update the right of first refusal of applicable customers and related procedures in a modified Section 24 of the General Terms and Conditions of DTI's tariff (GT&C) to reflect the Commission's current policies, (b) to clarify and update procedures for the allocation of unsubscribed firm capacity on DTI to reflect the Commission's current policies in new GT&C Section 43, (c) to add provisions permitting DTI, under certain conditions well established in past proceedings, to reserve available capacity for future expansion projects in new GT&C Section 44, and (d) to modify or eliminate various existing, out-dated tariff provisions that conflict with the new proposals.

**ACTIVITIES:**

November 10, 2004 - PGW filed an "Intervention" with the Commission in this proceeding.

November 30, 2004 - The Commission issued an order accepting the tariff sheets to be effective May 1, 2005, after a Technical Conference.

**Docket RP05-30**  
**Texas Eastern LP**  
**Applicable Shrinkage Adjustment (ASA)**

**DATE FILED:** October 18, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Texas Eastern Transmission, LP (Texas Eastern) tendered for filing as part of its FERC Gas Tariff, Seventh Revised Volume No. 1, and First Revised Volume No. 2, revised tariff sheets as listed on Appendix A to the filing, to become effective December 1, 2004. In addition, Texas Eastern also filed its Annual Interruptible Revenue Reconciliation Report.

Texas Eastern states that the revised tariff sheets and the Annual Interruptible Revenue Reconciliation Report contained in the filing are being filed pursuant to section 15.6, Applicable Shrinkage Adjustment (ASA), and section 15.8, Periodic Reports, of the General Terms and Conditions of Texas Eastern's FERC Gas Tariff, Seventh Revised Volume No. 1.

**ACTIVITIES:**

October 28, 2004 - PGW filed an "Intervention" with the Commission in this proceeding.

November 30, 2004- The Commission issued an order accepting the filing.

**Docket RP88-67 & RP98-168  
Texas Eastern Transmission, LP  
PCB Filing**

**DATE FILED:** October 18, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Texas Eastern Transmission, LP (Texas Eastern) tendered for filing as part of its FERC Gas Tariff, Seventh Revised Volume No. 1 and First Revised Volume No. 2, the tariff sheets listed on Appendix A to the filing, to become effective December 1, 2004.

Texas Eastern asserts that the purpose of this filing is to comply with the Stipulation and Agreement filed by Texas Eastern on December 17, 1991 in Docket Nos. RP88-67, et al. (Phase II/PCBs) and approved by the Commission on March 18, 1992 (Settlement), and with section 26 of the General Terms and Conditions of Texas Eastern's FERC Gas Tariff, Seventh Revised Volume No. 1.

**ACTIVITIES:**

October 28, 2004 - PGW filed an "Intervention" with the Commission in this proceeding.

November 9, 2004- The Commission issued an order accepted the filing.

**Docket RP05-13**  
**Transcontinental Gas Pipe Line Corporation**  
**Annual Charge Adjustment**

**DATE FILED:** October 1, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transcontinental Gas Pipe Line Corporation (Transco) tendered for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, the following tariff sheets, to become effective October 1, 2004:

Thirty-Seventh Revised Sheet No. 27  
Twenty-Seventh Revised Sheet No. 28  
Fifty-First Revised Sheet No. 28A  
Thirty-First Revised Sheet No. 28C  
Fifty-Fourth Revised Sheet No. 50

**ACTIVITIES:**

October 12, 2004 - PGW filed an "Intervention" with the Commission in this proceeding.

October 21, 2004- The Commission issued an order accepted the filing.

**Docket RP04-618**  
**Dominion Transmission Inc.**  
**TCRA**

**DATE FILED:** September 30, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Dominion Transmission Inc. (DTI) tendered for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, the following tariff sheets, with an effective date of November 1, 2004:

Twenty-Second Revised Sheet No. 31  
Twenty-Sixth Revised Sheet No. 32  
Fourteenth Revised Sheet No. 34  
Eighteenth Revised Sheet No. 35

DTI states that the purpose of this filing is to update DTI's effective Transportation Cost Rate Adjustment through the mechanism described in section 15 of the General Terms and Conditions (GT&C).

**ACTIVITIES:**

September 13, 2004 - PGW filed an "Intervention" with the Commission in this proceeding.

October 29, 2004- The Commission suspended the tariff sheets to become effective November 1, 2004, subject to refund pending the results of the outcome of Docket RP03-632.

**Docket RP04-617**  
**Dominion Transmission, Inc.**  
**Electric Power Cost Adjustment (EPCA)**

**DATE FILED:** September 30, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Dominion Transmission, Inc. (DTI) tendered for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, the following tariff sheets, to become effective November 1, 2004:

Twenty-First Revised Sheet No. 31  
Twenty-Fifth Revised Sheet No. 32  
Thirteenth Revised Sheet No. 34  
Seventeenth Revised Sheet No. 35

DTI states that the purpose of this filing is to update DTI's effective Electric Power Cost Adjustment (EPCA), through the mechanism described in section 17 of the General Terms and Conditions. DTI states that it is seeking to recover prospective electric costs of approximately \$3.1 million which is a reduction from the \$3.8 million estimated in the previous year's filing. Docket No. RP03-624 DTI further states that the filing includes surcharge rate adjustments resulting from the reconciliation of the prior year's actual cost and recoveries.

**ACTIVITIES:**

October 12, 2004 - PGW filed an "Intervention" with the Commission in this proceeding.

**Docket CP04-462**  
**Texas Eastern Transmission LP**  
**Crown Landing LNG Facilities Project**

**DATE FILED:** September 16, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Crown Landing LLC filed an application, in Docket No. CP04-411-000, seeking authorization pursuant to section 3 of the Natural Gas Act (NGA) and Part 153 of the Commission's regulations to site, construct and operate a liquefied natural gas (LNG) terminal in Logan Township, Gloucester County, New Jersey on the Delaware River. The LNG terminal will receive and unload LNG carriers from around the world. The project, as proposed, would provide LNG supply service for the Mid-Atlantic region, including Pennsylvania, and potentially other geographic areas, through the interstate pipeline grid. The Project would deliver vaporized LNG into existing interstate pipeline systems owned by Transcontinental Gas Pipe Line Corporation ("Transco") and into a proposed lateral that would be constructed, owned and operated by Texas Eastern Transmission LP ("Texas Eastern") that would interconnect with Texas Eastern's existing interstate natural gas pipeline system.

On September 17, 2004, Texas Eastern Transmission, LP filed an application, in Docket No. CP04-416-000, for a certificate of public convenience and necessity, pursuant to section 7(c) of the NGA and Part 157 of the Commission's regulations, to construct, install, own, operate and maintain the aforementioned proposed lateral, referred to as the Logan Lateral, in Delaware County, Pennsylvania and Gloucester County, New Jersey. The Logan Lateral will consist of 11 miles of 30-inch pipeline capable of transporting approximately 0.9 Bcfd of regasified LNG from Crown Landing's proposed LNG terminal, located in New Jersey, across the Delaware River to an interconnection with Texas Eastern's pipeline system in Pennsylvania. Texas Eastern also requests authorization to implement an incremental initial rate to provide firm transportation service on the Logan Lateral under its existing Rate Schedule MLS-1. The estimated cost of the Logan Lateral is approximately \$77.3 million.

**ACTIVITIES:**

October 20, 2004 - PGW filed an "Intervention" with the Commission in this proceeding.

**Docket CP04-411  
Crown Landing LLC  
LNG Facilities Project**

**DATE FILED:** September 16, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Crown Landing LLC filed an application, in Docket No. CP04-411-000, seeking authorization pursuant to section 3 of the Natural Gas Act (NGA) and Part 153 of the Commission's regulations to site, construct and operate a liquefied natural gas (LNG) terminal in Logan Township, Gloucester County, New Jersey on the Delaware River. The LNG terminal will receive and unload LNG carriers from around the world. The project, as proposed, would provide LNG supply service for the Mid-Atlantic region, including Pennsylvania, and potentially other geographic areas, through the interstate pipeline grid. The Project would deliver vaporized LNG into existing interstate pipeline systems owned by Transcontinental Gas Pipe Line Corporation ("Transco") and into a proposed lateral that would be constructed, owned and operated by Texas Eastern Transmission LP ("Texas Eastern") that would interconnect with Texas Eastern's existing interstate natural gas pipeline system.

On September 17, 2004, Texas Eastern Transmission, LP filed an application, in Docket No. CP04-416-000, for a certificate of public convenience and necessity, pursuant to section 7(c) of the NGA and Part 157 of the Commission's regulations, to construct, install, own, operate and maintain the aforementioned proposed lateral, referred to as the Logan Lateral, in Delaware County, Pennsylvania and Gloucester County, New Jersey. The Logan Lateral will consist of 11 miles of 30-inch pipeline capable of transporting approximately 0.9 Bcfd of regasified LNG from Crown Landing's proposed LNG terminal, located in New Jersey, across the Delaware River to an interconnection with Texas Eastern's pipeline system in Pennsylvania. Texas Eastern also requests authorization to implement an incremental initial rate to provide firm transportation service on the Logan Lateral under its existing Rate Schedule MLS-1. The estimated cost of the Logan Lateral is approximately \$77.3 million.

**ACTIVITIES:**

October 20, 2004 - PGW filed an "Intervention" with the Commission in this proceeding.

**Docket RP04-605**  
**Transcontinental Gas Pipe Line Corporation**  
**Waiver of the Penalty Provisions**

**DATE FILED:** September 23, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transcontinental Gas Pipe Line Corporation ("Transco"), filed a request for expedited approval of a limited waiver of the penalty provisions of Section 19.1(e) and 19.2(e) of its General Terms and Conditions of its FERC Gas Tariff. Transco states that in preparation for the implementation the Commission's revised Standards of Conduct as adopted in Order No. 2004 a review of Section 19, was undertaken and as a result of its review Transco's anticipates making a tariff filing in the near future to propose modification of the existing tariff provisions. In the interim, Transco requests approval of a limited waiver of the above referenced provisions of its tariff.

**ACTIVITIES:**

September 13, 2004 - PGW filed an "Intervention" with the Commission in this proceeding.

October 6, 2004 – The Commission accepted this filing.

**Docket RP04-570**  
**Transcontinental Gas Pipe Line**  
**Annual Charge Adjustment (ACA)**

**DATE FILED:** August 31, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transcontinental Gas Pipe Line Corporation (Transco) tendered for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, the following revised tariff sheets, to become effective October 1, 2004:

Thirtieth Revised Sheet No. 35A  
Forty-Ninth Revised Sheet No. 38  
Seventeenth Revised Sheet No. 40.02  
Twenty-Fourth Revised Sheet No. 40C  
Twenty-Second Revised Sheet No. 40I  
Seventh Revised Sheet No. 40J.03  
Twenty-First Revised Sheet No. 40K  
Ninth Revised Sheet No. 40L  
Sixth Revised Sheet No. 40O  
Second Revised Sheet No. 40P.03  
Ninth Revised Sheet No. 42.01  
Twenty-Ninth Revised Sheet No. 60

Transco stated that the purpose of the filing is to reflect a decrease in the Annual Charge Adjustment (ACA) Charge in the commodity portion of Transco's rates. Transco further stated that pursuant to Order No. 472, the Commission has assessed Transco its ACA unit Rate of \$.0019/dt, effective October 1, 2004.

**ACTIVITIES:**

September 13, 2004 – PGW filed an "Intervention" with the Commission in this proceeding.

September 24, 2004 – The Commission issued an order accepting this filing.

**Docket RP04-569**  
**Texas Eastern Transmission, LP**  
**Annual Charge Adjustment (“ACA”)**

**DATE FILED:** August 31, 2004

**ISSUES:** Philadelphia Gas Works (“PGW”) has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Texas Eastern Transmission, LP (“Texas Eastern”) tendered for filing as part of its FERC Gas Tariff, Fifth Revised Volume No. 1, and the following revised tariff sheets, to become effective October 1, 2004:

Nineteenth Revised Sheet No. 26  
Nineteenth Revised Sheet No. 31  
Fifth Revised Sheet No. 35  
Ninth Revised Sheet No. 35A  
Sixth Revised Sheet No. 36  
Seventh Revised Sheet No. 37  
Seventh Revised Sheet No. 38  
Fifth Revised Sheet No. 39  
Fifth Revised Sheet No. 40  
Second Revised Sheet No. 40A  
Nineteenth Revised Sheet No. 42  
Sixteenth Revised Sheet No. 43  
Nineteenth Revised Sheet No. 47  
Fifteenth Revised Sheet No. 48  
Nineteenth Revised Sheet No. 49  
Eighth Revised Sheet No. 50  
Fifth Revised Sheet No. 51  
Second Revised Sheet No. 51A  
Nineteenth Revised Sheet No. 52  
Ninth Revised Sheet No. 55  
Ninth Revised Sheet No. 58  
Nineteenth Revised Sheet No. 59  
Nineteenth Revised Sheet No. 60  
Sixteenth Revised Sheet No. 61.

Texas Eastern stated that the purpose of the filing is to reflect the fiscal year 2004 Annual Charge Adjustment (“ACA”) unit charge of \$0.0019 per Dth included in the Gas

Program Cost Analysis in accordance with Section 154.402(a) of the Commission's regulations, as noticed by the Commission on August 6, 2004.

**ACTIVITIES:**

September 13, 2004 -PGW filed an "Intervention" with the Commission in this proceeding.

September 24, 2004 – The Commission accepted this filing.

**Docket RP04-562**  
**Equitrans, L.P.**  
**Elimination of the GRI Surcharge**

**DATE FILED:** August 31, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Equitrans, L.P. (Equitrans) tendered for filing as part of its FERC Gas Tariff, Original Volume No. 1, the following revised tariff sheets, to become effective October 1, 2004:

Tenth Revised Sheet No. 5  
Thirteenth Revised Sheet No. 6  
Ninth Revised Sheet No. 10

Equitrans stated that the purpose of the filing is to reflect the elimination of the GRI surcharge.

**ACTIVITIES:**

September 13, 2004 – PGW filed an "Intervention" with the Commission in this proceeding.

September 29, 2004 – The Commission accepted this filing.

**Docket RP04-560**  
**Dominion Transmission, Inc.**  
**Annual Charge Adjustment (“ACA”)**

**DATE FILED:** August 31, 2004

**ISSUES:** Philadelphia Gas Works (“PGW”) has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Dominion Transmission, Inc. (DTI) tendered for filing as part of its FERC Gas Tariff, Original Volume No. 3, the following tariff sheets, with an effective date of October 1, 2004:

Twentieth Revised Sheet No. 31  
Twenty-Fourth Revised Sheet No. 32  
Sixteenth Revised Sheet No. 35

DTI stated that the purpose of the filing is to update DTI's Annual Charge Adjustment (“ACA”) unit surcharge consistent with Section 14 of DTI's General Terms and Conditions of its FERC Gas Tariff and the Commission's regulations, 18 C.F.R. § 154.402. The proposed revision reduces DTI's usage-related surcharge from the current level of \$0.0021 per Dth to \$0.0019 per Dth.

**ACTIVITIES:**

September 13, 2004 – PGW filed an “Intervention” with the Commission in this proceeding.

September 24, 2004- The Commission accepted the filing.

**Docket RP04-482**  
**Texas Eastern**  
**Link Interface System**

**DATE FILED:** August 20, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Texas Eastern Transmission, LP (Texas Eastern) tendered for filing as part of its FERC Gas Tariff, certain tariff sheets to be effective September 22, 2004. Texas Eastern states that the purpose of the filing is to modify tariff to implement changes to the procedures for obtaining access to Texas Eastern's LINK Customer Interface System available on Texas Eastern's website.

**ACTIVITIES:**

August 30, 2004- PGW filed an "Intervention" with the Commission.

October 20, 2004 - The Commission issued an order accepting this filing.

**Docket RP04-483**  
**Texas Eastern**  
**Order No. 2004 Requirements**

**DATE FILED:** August 20, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Texas Eastern tendered for filing as part of its FERC Gas Tariff, certain tariff sheets to be effective September 22, 2004.

Texas Eastern states that the purpose of the filing is to make certain minor conforming changes to its tariff to implement the requirements of Order Nos. 2004, the Standards of Conduct regulations pursuant to the Commission's regulations.

**ACTIVITIES:**

August 30, 2004- PGW filed an "Intervention" with the Commission

September 17, 2004 – The Commission issued an order accepting this filing.

**Docket RP04-453**  
**Transcontinental Gas Pipe Line**  
**Rate Schedule S-2**

**DATE FILED:** August 13, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transco tendered for filing as part of its FERC Gas Tariff, Revised Sheet No. 28, to become effective August 1, 2004. The purpose of the filing is to track rate changes attributable to storage service purchased from Texas Eastern Transmission Corporation under its Rate Schedule X-28, the costs of which are included in the rates and charges payable under Transco's Rate Schedule S-2. Transco also states that this filing is being made pursuant to tracking provisions under the GT&C of Transco's Tariff. Transco indicates that the filing is the explanation of the rate changes and details regarding the computation of the revised S-2 rates.

**ACTIVITIES:**

August 24, 2004, - PGW filed an "Intervention" with the Commission.

September 2, 2004 - The Commission issued an order accepting this filing.

**Docket RP04-484**  
**Texas Eastern**  
**Negotiated Rates Procedures**

**DATE FILED:** August 20, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Texas Eastern Transmission, LP (Texas Eastern) tendered for filing as part of its FERC Gas Tariff, certain tariff sheets to be effective September 22, 2004.

Texas Eastern states that this filing is part of the overall effort by Duke Energy Gas Transmission to simplify, clarify, standardize, and consolidate tariff provisions and procedures for implementing negotiated and discounted rates. Texas Eastern further states that implementation of these procedures requires modifications to related provisions in the GT&C and the Forms of Service Agreements in Texas Eastern's Tariff

**ACTIVITIES:**

August 30, 2004- PGW filed an "Intervention" with the Commission.

September 17, 2004 – The Commission issued an order accepting this filing.

**Docket CP04-36**  
**Transcontinental Gas Pipe Line**  
**Central NJ Expansion Project**

**DATE FILED:** August 11, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transcontinental Gas Pipe Line Corporation (Transco) filed an application pursuant to section 7 of the Natural Gas Act (NGA), seeking authorization to construct and operate Transco's Central New Jersey Expansion Project, a 3.77 mile, 36-inch loop in Burlington County, New Jersey.

**ACTIVITIES:**

August 24, 20042004- PGW filed an "Intervention" with the Commission

## Docket RP04-442 Transcontinental Gas Pipe Line

**DATE FILED:** August 4, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transcontinental Gas Pipe Line Corporation (Transco) tendered for filing as part of its FERC Gas Tariff, certain tariff sheets to become effective October 1, 2004. This filing purpose is to revise the General Terms and Conditions (GT&C) of the tariff to provide that the original nomination provided by a shipper for each day shall apply to the intraday cycles for the gas day unless the shipper revises the nomination. Transco also states that if, a shipper revises its nomination at any of the intraday cycles, and the revised nomination shall apply to, or "roll forward" to, subsequent cycles within the gas day. Transco further states that it proposes to revise the GT&C to provide that the latest explicit confirmation provided by a point operator shall also roll forward to the remaining cycles within the gas day. Transco notes that it proposes these tariff changes as an enhancement to its 1Line system.

**ACTIVITIES:**

August 13, 2004, PGW filed a motion to Intervene in this proceeding.

August 25, 2004 -- The Commission accepted the tariff sheets to be effective October 1, 2004.

**Docket RP04-359**  
**Texas Eastern**  
**Electric Power Costs**

**DATE FILED:** June 30, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to Intervene, Protest, and Request for Condition, to protect its interest in this case.

**BACKGROUND:**

Texas Eastern filed revised tariff sheets with a proposed annual Electric Power Cost (EPC) Adjustment, of the General Terms and Conditions of its FERC Gas Tariff.

Texas Eastern stated that, "Texas Eastern has assigned costs to the TIME and Freehold Projects using the same methodology as that reflected in its previous EPC tracker filing in Docket No. RP03-542, effective August 1, 2003, and in Docket No. RP04-129, effective February 1, 2004." PGW protested Texas Eastern's proposed cost assignment methodology for the TIME Project in Docket No. RP03-542 and the Commission set that issue for hearing. The Commission also approved the tracker filing in Docket No. RP04 subject to the outcome of the TIME Project cost allocation issue in Docket No. RP03-542.

Given that the TIME allocation issues raised by Texas Eastern's filing in this docket are identical to the issues before the Commission in Docket No. RP03-542. PGW simply requests that the Commission condition any order accepting Texas Eastern's filing in this docket on the outcome of Docket No. RP03-542.

**ACTIVITIES:**

July 12, 2004, PGW filed a joint motion to Intervene, Protest, and Request for Condition, with Consolidated Edison and Orange and Rockland Utilities in this proceeding.

July 30, 2004 – The Commission issued this order:

The Commission Orders:

The revised tariff sheets listed in the Appendix are accepted and suspended to be effective August 1, 2004, subject to refund and subject to the outcome of the hearing in Docket No. RP03-542-001.

**Docket CP04-370 & RP96-383-058**  
**Dominion Transportation Inc.**  
**Rate Schedule X-70**

**DATE FILED:** June 30, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene and for request for condition to protect its interest in this case.

**BACKGROUND:**

Dominion tendered revised tariff sheets for filing. Dominion states that the purpose of this filing is to convert its individually certificated service for PSEG under Rate Schedule X-70 to open access service under Part 284 of the Commission's regulations. Dominion further states that it will not charge PSEG for fuel. This no-fuel commitment extends through July 31, 2007.

Dominion's rationale for not charging PSEG for fuel includes the fact that it currently is "at-risk" for fuel pursuant to the terms of its settlement in Docket No. RP00-632. This at-risk condition is not sufficient to protect Dominion's other customers through the term of its agreement with PSEG. In fact, the settlement to which Dominion refers gives Dominion the right to change its fuel retention mechanism at any date after July 1, 2003. This filing reflects the Commission's "discount policy of generally requiring that discounts be attributed last to surcharges which the pipeline recovers through a periodic true-up mechanism that guarantees the pipeline's recovery of 100 percent of the costs in question." Accordingly, should Dominion exercise its right to reinstitute a fuel tracker guaranteeing its recovery of 100 percent of fuel costs; it should be at-risk for its fuel discount to PSEG, since that discount has been given before "discounting all the way through its base rates."

**ACTIVITIES:**

July 12, 2004, PGW filed a joint motion for Request for Condition, with Consolidated Edison and Orange and Rockland Utilities.

July 30, 2004 - The Commission grants Dominion permission to abandon its individually-certificated service under Rate Schedule X-70. Additionally, the Commission accepts the subject negotiated rate agreement with PSEG effective August 1, 2004, subject to conditions discussed below. Dominion is directed to file actual tariff sheets within ten days of the date of this order.

**Docket CP04-365**  
**Dominion Transmission Inc.**  
**Northeast Storage Project**

**DATE FILED:** June 21, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene, and request for clarification and condition to protect its interest in this case.

**BACKGROUND:**

Dominion Transmission, Inc. ("Dominion") filed an application requesting authorization to construct, install, own, operate, and maintain certain facilities, located in West Virginia, Pennsylvania, and New York. Dominion's Northeast Storage Project will provide 9.4 Bcf of firm natural gas storage service and 163,017 dekatherms per day of winter-season firm transportation service.

**ACTIVITIES:**

July 22, 2004, PGW filed a joint motion with the Commission to Intervene, and Request for Clarification and Condition, with Consolidated Edison of New York, identifying these issues:

**A. Cost Allocation Issues**

Dominion's Exhibit K sets forth its estimated facilities costs. Reduced to its essentials, Dominion estimates that it will spend \$39,513,300 for storage facilities and another \$25,301,100 for transportation facilities. These estimates do not include any costs for the "0.932 Bcf of existing, certificated [storage] capacity" or the "4.468 of existing, authorized top-gas capacity at [the] Fink/Kennedy-Lost Creek Storage Complex" that will be assigned to the Northeast Storage Project customers. Nor does Exhibit P's calculation of total cost of service appear to include any costs associated with this pre-existing capacity. These omissions give rise to a fundamental question requiring clarification, *i.e.*, should Dominion's recourse rates for this project reflect all of the costs of the project, or simply the incremental costs associated with the new construction.

In this case, Dominion proposes to assign 5.4 Bcf of pre-existing capacity to the Northeast Storage Project customers for firm service. This means that the system customers, who are paying for that capacity, will lose all use of it. The 5.4 Bcf of capacity will not be available for flexibility or reliability purposes. Nor will it be available for authorized overrun or interruptible service. Accordingly, Con Edison/PGW request the Commission to require Dominion to clarify (1) the cost of service of the pre-existing facilities to be assigned to the project, (2) why that cost should not be a component of the Northeast Storage Project rates, and (3) why the Commission should not find, pursuant to Section 5 of the Natural Gas Act, that Dominion should be required

to reduce its system rates by the cost of service of the pre-existing facilities if that cost of service is an element of the Northeast Storage Project rates.

This gives rise to questions requiring clarification. First, are the CP04-49 expenditures a condition precedent to the Northeast Storage Project? If so, is there any reason that the Northeast Storage Project customers should not be required to pay these costs. And, even if the CP04-49 expenditures are not a condition precedent to the Northeast Storage Project, why should 100% of those expenditures be assigned to the system customers even though some percentage of the benefits will inure to the benefit of the Northeast Storage Project customers? The Commission is requested to require Dominion to provide this clarification.

#### **B. Fuel Issues**

The publicly available portions of Dominion's application reveal that it will be constructing "a new Wolf Run storage compressor station" and "a new Quinlan Compressor Station at the storage pool." However, the publicly available portions of the application do not contain any data explaining the expected fuel and/or electricity costs associated with those compressor stations. Nor does the application explain whether those fuel and/or electricity costs will increase the costs of Dominion's system storage and/or transmission customers. Accordingly, Con Edison/PGW request the Commission to require Dominion to clarify these matters. And, if system storage or transmission fuel and/or electricity costs would increase as a result of this project, the Commission is requested to require Dominion to charge incremental fuel and/or electricity rates to the Northeast Storage Project customers.

**Docket CP04-223 & CP04-293  
Keyspan LNG, L.P.**

**DATE FILED:** April 30, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

KeySpan LNG, L.P. ("KeySpan") filed an application with the Commission seeking authorization to site, construct and operate liquefied natural gas (LNG) terminal facilities as well as to abandon certain existing facilities in the City of Providence, Rhode Island. KeySpan currently owns and operates an existing LNG Terminal in Providence and proposes to upgrade that facility by converting it to an LNG Terminal capable of receiving marine deliveries and augmenting the facility's existing vaporization system. KeySpan states that services LLC (BG) has committed to contract for the full capacity of the LNG Terminal. The proposed LNG terminal will connect to Algonquin Gas Transmission Company (Algonquin), an existing interstate pipeline company and that Algonquin will file a separate application pursuant to Section 7 (c) to construct and operate connecting facilities.

**ACTIVITIES:**

May 21, 2004 - PGW filed an "Intervention" with the Commission

**Docket RP04-267**  
**Transcontinental Gas Pipe Line**  
**Policy for Construction of Interconnect Facilities**

**DATE FILED:** April 27, 2003

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transcontinental Gas Pipe Line Corporation (Transco), tendered for filing with the Federal Energy Regulatory Commission, Second Revised Sheet No. 329 to its FERC Gas Tariff, Third Revised Volume No. 1, with a proposed effective date of May 27, 2004.

Transco states that the purpose of the instant filing is to modify Transco's Policy for Construction of Interconnect Facilities set forth in Section 20 of the General Terms and Conditions of Transco's Tariff.

**ACTIVITIES:**

May 6, 2004- PGW filed an "Intervention" with the Commission.

May 27, 2004 – The Commission issued an order stating that:

In its filing and in its Answer, to support its proposal, Transco cites other pipelines' tariff language that is similar to the language proposed by Transco insofar as the language provides for mutual agreement between the pipeline and interconnecting party. Transco has not shown when and under what circumstances the other tariff provisions were initially implemented, including whether they were protested as is the case here, and has not cited any Commission order accepting the cited provisions that addressed the issues raised by the protests in the instant proceeding. Therefore, we are unpersuaded by this argument in the context of this contested proceeding.

June 28, 2004 – Transco filed a request for rehearing in this matter.

July 28, 2004 – The Commission granted Transco's request for rehearing.

**Docket RP04-254**  
**City of Hamilton vs. Texas Eastern**  
**Complaint Against Texas Eastern**

**DATE FILED:** April 7, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

The City of Hamilton, Ohio (Hamilton) filed a complaint against Texas Eastern pursuant to Sections of the Natural Gas Act, and the Rules and Regulations of the Federal Energy Regulatory Commission. Hamilton alleges that Texas Eastern is violating Commission policy on market center development by employing a rate design and applying its tariff provisions in a way that severely impedes the natural formation of market centers and inhibits the flexible commercial interchange of natural gas. Hamilton alleges further that Texas Eastern's rate structure requires customers to pay for more transportation than they need because it is based on overly-expansive zones. Hamilton also alleges that Texas Eastern's rates violate the Commission's regulations by constraining shippers' rights to segmentation due to application of multiple fuel use charges, and violate the Commission's policies regarding backhauls.

**ACTIVITIES:**

April 22, 2004 - PGW filed an "Intervention" with the Commission.

**Docket CP02-381  
Texas Eastern  
M1 Expansion Project**

**DATE FILED:** March 31, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene and request for condition to protect its interest in this case.

**BACKGROUND:**

Texas Eastern filed The Electric Power Cost (EPC) to comply with the commissions order authorizing the construction of the M1 expansion project. Pursuant the Federal Energy Regulatory Commission's Rules of Practice and Procedure, Philadelphia Gas Works, Consolidated Edison Company of New York, Inc., and Orange and Rockland Utilities, Inc. ("the Companies") hereby move for leave to intervene in the above-referenced docket. The Companies request the Commission to condition its acceptance of the tariff sheets submitted by Texas Eastern Transmission, LP ("Texas Eastern") on the outcome of the Electric Power Cost ("EPC") allocation issue in Docket No. RP03-542.

**ACTIVITIES:**

April 19, 2004 - PGW filed an "Intervention and Request for Condition" in this proceeding

April 29, 2004 - The Commission issued an order stating:

Consolidated Edison Company of New York, Inc., Orange and Rockland Utilities, Inc., and Philadelphia Gas Works (the Companies) filed a motion to intervene and request that acceptance of the proposed tariff sheets be made subject to the outcome of the EPC allocation issue in Docket No. RP03-542-000. The Companies state that issues relating to Texas Eastern's EPC cost allocation are pending before the Commission in the Docket No. RP03-542-000 proceeding. The Companies state that the Commission took this approach of accepting tariff sheets subject to the outcome of Docket No. RP03-542-000 in a recent Texas Eastern case. Consistent with previous Commission action, the proposed tariff sheets are accepted subject to the outcome of Texas Eastern's proceeding in Docket No. RP03-542-000.

**Docket RP04-200**  
**Transcontinental Gas Pipe Line**  
**Transmission Electric Power Costs**

**DATE FILED:** March 1, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transco tendered for filing as part of its FERC Gas Tariff, certain tariff sheets to become effective April 1, 2004.

Transco states that the instant filing is submitted pursuant to Section 41 of the General Terms and Conditions of Transco's FERC Gas Tariff which provides that Transco will file to reflect net changes in the Transmission Electric Power (TEP) rates at least 30 days prior to each TEP Annual Period beginning April 1.

**ACTIVITIES:**

March 10, 2004- PGW filed an "Intervention" with the Commission.

March 24, 2004 – The Commission issued an order accepting the filing.

**Docket RP04-191**  
**Transcontinental Gas Pipe Line**  
**Recalculate Transportation & Storage Costs**

**DATE FILED:** March 1, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transco tendered certain tariff sheets for filing as part of its FERC Gas Tariff. The proposed effective date of the revised sheets is April 1, 2004.

Transco states that the purpose of the instant filing is to recalculate its fuel retention percentages applicable to transportation and storage rate schedules pursuant to Section 38 of the General Terms and Conditions of Transco's FERC Gas Tariff.

**ACTIVITIES:**

March 10, 2004- PGW filed an "Intervention" with the Commission.

March 24, 2004 – The Commission issued an order accepting the filing.

**Docket CP04-76  
Equitrans LP  
Refunctionalize Facilities**

**DATE FILED:** March 1, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Equitrans filed an application requesting to refunctionalize certain facilities from transmission/storage to gathering.

The facilities that Equitrans is seeking to refunctionalize include: (1) approximately 275 miles of low-pressure, predominantly small diameter pipeline; (2) 14 compressor engines, located at 8 compressor stations, having a total of 14,395 horsepower; and (3) various meters and appurtenant facilities, all of which are primarily used to gather gas from numerous gas wells in Pennsylvania and West Virginia and transport such gas to Equitrans' downstream transportation facilities. The facilities are located in Armstrong and Greene Counties, Pennsylvania; and Armstrong, Braxton, Doddridge, Lewis, Marion and Wetzel Counties, West Virginia. Equitrans states that concurrently with the submission of this application, it is also submitting an application under Section 4 of the NGA seeking approvals for the rate treatment associated with the refunctionalized facilities.

Equitrans also requested that the Commission grant any waivers of its regulations that the Commission may deem necessary to grant the authorizations requested in its application.

**ACTIVITIES:**

March 25, 2004 – PGW filed an "Intervention" in this proceeding

**Docket RP04-203**  
**Equitrans L.P.**  
**Rates SS-3 & STS-1**

**DATE FILED:** March 1, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to Intervene, Protest and Request for Rejection to protect its interest in this case.

**BACKGROUND:**

Equitrans filed revised tariff sheets with a proposed effective date of April 1, 2004. With PGW's role as a customer of Equitrans' Rate Schedules SS-3 and STS-1 services, these tariff sheets reflect increases in Equitrans' rates and fuel retainage factors, changes in the Rate Schedule SS-3 definition of Maximum Day Withdrawal Quantity, changes in the Rate Schedule STS-1 definition of "Billing Demand," and the creation of a new fuel retainage tracker mechanism.

**ACTIVITIES:**

March 15, 2004, FRSA filed a motion with the commission for leave to Intervene, Protest and Request for Rejection. PGW stated:

If the Commission does not reject Equitrans' rate filing, PGW requested that it be suspended for the maximum period and allowed to go into effect only subject to refund. Equitrans has not established that its below-listed proposals are just and reasonable.

1. Amortized Expenses

Equitrans' rates purportedly are supported by its proposal to amortize certain PBOP and Pension expenses over a five-year period.

2. Tariff Inconsistency

Equitrans proposes to redefine the MDWQ of a Rate Schedule SS-3 customer to be 1.1/115th of the Customer's TASQ. Equitrans should be required to explain this inconsistency.

3. Fuel Retention Percentages

The proposed fuel retention percentage for transmission services on the Original Equitrans facilities, 3.77%, is significantly higher than the proposed percentage for the CIPCO District, 1.22%.

4. Reclassification of Stored Gas

Equitrans proposes to reclassify \$3.2 million of gas from Account 117.2 to Account 117.1. Since Account 117.2 gas benefits transmission customers and Account 117.1 gas benefits storage customers, the net result of Equitrans' proposal reduces transmission rates and increases storage rates.

5. Intangible Plant

Equitrans claims a 30% increase in intangible plant

6. Loaning and Parking

Equitrans claims a \$685,423 reduction in revenues from loaning and parking services. This reduction increases the revenue responsibility of other Equitrans storage services.

PGW also requests the Commission to set rate base, pension, return on equity, cost of capital, and throughput adjustments for hearing.

PGW requested that its Motion for Leave to Intervene and Request for Rejection be granted. If the rejection request is not granted, PGW requests that the Commission (1) find that Equitrans has not established that its proposals are just and reasonable, (2) suspend the effectiveness of Equitrans' proposals for the maximum period, and (3) set those proposals for hearing.

March 31, 2004 - The Commission accepts and suspends the proposed changes for five months, to be effective September 1, 2004, or earlier date set by subsequent Commission order, subject to refund, and sets the issues for hearing.

June 30, 2004 – The Commission issued an order stating that, the Commission denies the motion to consolidate the proceedings. However, as described above, the Commission is setting certain issues that have arisen in Docket No. RP04-97-000 for hearing in the ongoing Docket No. RP04-203 proceeding.

The Commission orders:

(A) Issues raised in Docket No. RP04-97-000 regarding Equitrans' proposed storage ratchets and security cost tracker are set for hearing in the ongoing hearing in Docket No. RP04-203-000.

(B) Equitrans' proposed gas quality standards, as modified in Equitrans' Comments, are approved subject to the condition that Equitrans must file tariff revisions consistent with the consensus on the gas quality provisions within 15 days of the date of this order, to be effective July 1, 2004, upon motion by Equitrans.

(C) First Revised Sheet No. 310, reflecting Equitrans' proposed "Market Segmentation" provision (section 36), is rejected. Equitrans is directed to file *pro forma* tariff sheets to implement firm capacity segmentation and capacity release consistent with the requirements of Order No. 637 within 30 days of the date of this order in a docket to be established.

**Docket RP04-186**  
**Transcontinental Gas Pipe Line Corporation**  
**Great Plains Surcharge**

**DATE FILED:** February 27, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transcontinental Gas Pipe Line Corporation (Transco) tendered for filing certain revised tariff sheets to Third Revised Volume No. 1 of its FERC Gas Tariff. Transco states that the purpose of the instant filing is to submit an interim Great Plains Surcharge Filing (GPS) in accordance with Section 39.9 of Transco's General Terms and Conditions. Transco notes that the GPS is being revised to include the effects of the buy out and termination of the Gas Purchase Agreement with Dakota Gasification Company, and the termination of certain related firm transportation contracts. Transco further states that the instant filing is made pursuant to a letter order issued by the Commission on January 21, 2004 in Docket No. RP04-118-000, and that the revised GPS proposed in the instant filing is to be collected over the Buyout Recovery Period, March 1, 2004 through February 28, 2005.

**ACTIVITIES:**

March 10, 2004 - PGW filed an "Intervention" with the Commission.

March 19, 2004 - The Commission accepted the subject tariff sheets effective March 1, 2004 as requested.

**Docket RP04-173**  
**Dominion Transportation Inc.**  
**Five Year Matching Cap (ROFR)**

**DATE FILED:** February 20, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") in conjunction with Consolidated Edison Company of New York, Inc. ("Con Edison/PGW") has filed for leave to intervene and request for clarification to protect its interest in this case.

**BACKGROUND:**

Dominion tendered First Revised Sheet No. 1159 for filing with a proposed effective date of March 1, 2004. Dominion states that the purpose of this filing is to remove the five-year term matching cap from its right-of-first refusal ("ROFR") tariff provisions.

Con Edison/PGW seek clarification of proposed General Terms and Conditions ("GT&C") Section 24.2.A consistent with the clarification provided by the Commission with regard to the same issue in *Transcontinental Gas Pipe Line Corporation*, 105 FERC ¶ 61,365 (2003) ("*Transco*").

Dominion's proposed GT&C Section 24.2.C.3.a states:

3. Pipeline will determine which bidder makes the "better offer," as follows:
  - a. Unless otherwise indicated by the posted notice, the bidder submitting the highest bid shall win, based on the net present value of each bid over its term.

This use of NPV to determine the winning bidder in the ROFR process is not carried forward to determine whether the existing customer has successfully matched the winning bid. Rather, Dominion's proposed GT&C Section 24.2.A states:

24.2 Upon expiration of an LTA, Customer may give Pipeline reasonable prior written notice that it wants to continue receiving such transportation service, in whole or in part. To exercise its right of first refusal, at the close of the bid period of Section 24.2.C., below, Customer must:  
*A. match the longest term and the highest rate for its firm service (up to the maximum Commission-authorized rate applicable to Customer for such service), as offered to Pipeline by any qualified bidder under the procedure of Section 24.2.C.*

As may be seen by reference to the italicized portion of Section 24.2.A, in order to keep its capacity in the ROFR process, the customer may not simply agree to a contract

with an NPV equal to the “better offer” as determined by the Section 24.2.C process. Rather, the customer must match both the longest term and the highest rate contained within the “better offer” as determined under the Section 24.2.C procedure.

As Con Edison/PGW explained in response to similar Transco tariff provisions, Dominion’s approach leads to an unjust and unreasonable result. That is, the Commission has determined that ROFR rights are given only to shippers who pay maximum rates. Thus, the existing customer has a clear incentive to execute a contract calling for it to pay maximum rates. However, this incentive could, in some circumstances, force it to execute a contract with a higher NPV than the “better offer” determined under Dominion’s 24.2.C procedure.

Assume that the “better offer” calls for a rate equal to 90% of Dominion’s maximum rate and a ten-year term. Were the existing customer to agree to a contract with maximum rates and a nine-year term, the NPV would be equal to (actually greater than) the NPV of the “better offer.” However, such a proposal by the existing customer would not be sufficient for it to keep its capacity under Section 24.2.A because that proposal would not match the longer term of the “better offer.”

In *Transco*, the Commission found that “if Transco chooses to use the NPV method to evaluate the best third party bid, it must use the same evaluation method to determine whether the existing shipper’s bid matches the best third party bid. To apply a different evaluation methodology to the existing shipper than to the third party bidder would be unduly discriminatory.” *Id.* At P.19.

In light of the Commission’s finding in P.19, and consistent analysis in P.20, *Transco* required the pipeline, pursuant to NGA Section 5, to modify its tariff “to provide that it will use the same bid evaluation methodology for determining whether the existing shipper has matched the best third party bid as it uses to choose the best third party bid.” *Id.* At P.21. Con Edison/PGW seek the same relief in this proceeding.

## ACTIVITIES:

March 3, 2004 - PGW and Con Edison filed an Intervention and Request for Clarification with the Commission.

March 19, 2004 – The Commission issued an order stating that:

DTI’s filing is fully consistent with the Commission’s policy on the elimination of the five-year term matching cap for the ROFR. Accordingly, the Commission will accept the tariff modification to be effective March 1, 2004, as proposed, since the proposal implements current Commission policy.

Commission grants Con Edison/PGW’s request for clarification of DTI’s proposed section 24.2(A). As the Commission explained in *Transco*, to apply a different evaluation methodology to the existing shipper than the third party bidder would be unduly discriminatory. Consequently, we direct DTI to modify this provision to include the same

evaluation methodology for both the existing shipper and the third party bidder within 15 days of the issuance of this order.

March 25, 2004, Dominion Transmission, Inc. (DTI) filed the tariff sheet in compliance with the Commission Order issued on March 19, 2004. The tariff sheet modifies DTI's right of first refusal provisions to reflect that DTI will evaluate whether the existing shipper has matched the successful third party bid by using the same methodology used to determine the successful third party bid.

April 21, 2004 – The Commission accepted DTI's tariff sheet effective March 1, 2004, as proposed.

**Docket RP04-162**  
**Transcontinental Gas Pipe Line Corporation**  
**Delivery Point Entitlements**

**DATE FILED:** February 9, 2004

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transcontinental Gas Pipe Line Corporation (Transco) tendered for filing certain revised tariff sheets to Third Revised Volume No. 1 of its FERC Gas Tariff. Transco states that the purpose of the instant filing is to update certain Delivery Point entitlements tariff sheets in accordance with the provisions of Section 19.1(f) of the General Terms and Conditions of Transco's tariff.

**ACTIVITIES:**

March 4, 2004- PGW filed an "Intervention" with the Commission.

March 5, 2004- The Commission accepted the filing noting that no protest or adverse comments were filed.

**Docket RP04-120**  
**Transcontinental Gas Pipe Line Corporation**  
**Rate Schedule GSS**

**DATE FILED:** December 23, 2003

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transcontinental Gas Pipe Line Corporation (Transco) tendered for filing certain revised tariff sheets to Third Revised Volume No. 1 of its FERC Gas Tariff. Transco states that the purpose of the instant filing is to track rate changes attributable to storage service purchased from Dominion Transmission, Inc. under its Rate Schedule GSS, the cost of which are included in the rates and charges payable under Transco's Rate Schedule GSS and LSS.

**ACTIVITIES:**

January 7, 2004- PGW filed an "Intervention" with the Commission.

January 20, 2004- The Commission accepted the filing.

**Docket RP04-116**  
**Texas Eastern**  
**Available Capacity Sales**

**DATE FILED:** December 19, 2003

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Texas Eastern Transmission, LP (Texas Eastern) tendered for filing as part of its FERC Gas Tariff, Seventh Revised Volume No. 1, Original Sheet No. 521A, to be effective January 18, 2004. Texas Eastern stated that the purpose of this filing is to implement a defined timeline that will provide clarity on the timing of future sales of available capacity on Texas Eastern's system by clarifying when Texas Eastern will be required to sell available capacity, based upon the length of the contract term requested by the prospective customer.

**ACTIVITIES:**

January 7, 2004- PGW filed an "Intervention" with the Commission.

January 16, 2004- The Commission issued this order:

The Commission finds that the other provisions of Section 3.12 apply to future sales of capacity under the subject Section 3.12(E). Accordingly, the Commission finds that Texas Eastern's right to reject any request of service at less than the maximum rate as stated in Section 3.12(C) would also apply to the prospective sale of available capacity in proposed Section 3.12(E). Section 3.12(C) protects the pipeline from posting service that may have a detrimental impact on the operations of its system. Finally, the Commission finds that the narrative below the timeline provides additional information and flexibility to Texas Eastern's customers.

**Docket CP04-30**  
**Transcontinental Gas Pipe Line Corporation**  
**Spartanburg County, SC Compressor Station**

**DATE FILED:** December 12, 2003

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transcontinental Gas Pipe Line Corporation (Transco) filed an application for a certificate of public convenience and necessity authorizing Transco's construction and operation of certain facilities at Compressor Station No. 140 (Station 140) in Spartanburg County, South Carolina to comply with the Clean Air Act Amendments of 1990. Transco states that the objective of the project is to reduce certain exhaust emission at Station 140 in order to comply with the Clean Air Act Amendments of 1990 and the South Carolina Department of Health and Environmental Control. In order to achieve this objective, Transco is using a methodology involving the installation of several turbochargers, thereby increasing the potential horsepower at Station 140. Transco further states, however, that it will never attempt to operate the station above its current actual horsepower, since the practice would negate the objective of the project (i.e., to reduce certain exhaust emissions) and create unsustainable loads on the structural components of the units, resulting in excessive wear and component failure.

**ACTIVITIES:**

January 6, 2003, PGW filed an "Intervention" with the Commission.

March 30, 2004 – The Commission issued this order:

The Commission orders:

(A) A certificate of public convenience and necessity is issued authorizing Transco to modify 13 existing reciprocating compressor units at Compressor Station No. 140, as more particularly described in this order and in the application.

(B) Transco shall complete the authorized construction within two years of this order.

(C) Transco must comply with the Natural Gas Act and all relevant provisions of the Commission's Regulations, in particular paragraphs (a), (c)(1), (c)(2), (c)(3), (e) and

(f) of Section 157.20 of Part 157 of the regulations and the environmental conditions in the appendix to this order.

(D) Transco shall notify the Commission's environmental staff by telephone or facsimile of any environmental noncompliance identified by other Federal, State, or local agencies on the same day that such agency notifies Transco. Transco shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

April 2, 2004 Transco accepted the Commission's order.

**Docket RP04-105**  
**Dominion Transmission Inc.**  
**Administrative Tariff Changes**

**DATE FILED:** December 8, 2003

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Dominion Transmission, Inc. (DTI) tendered for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, the following tariff sheets, with an effective date of January 7, 2004:

Third Revised Sheet No. 0  
Second Revised Sheet No. 212  
First Revised Sheet No. 212A  
Third Revised Sheet No. 1171  
Second Revised Sheet No. 2506

DTI states that the purpose of this filing is simply to revise the tariff for administrative purposes and to correct certain incorrect cross-references within the tariff. DTI states that the filing includes a series of minor tariff changes.

**ACTIVITIES:**

December 19, 2003, PGW filed an "Intervention" with the Commission.

January 7, 2004, the Commission accepted Dominion's proposed tariff change relating to confiscated gas subject to the outcome of the proceedings in Docket No. RP03-623. The Commission stated that it finds that Dominion's remaining proposed tariff changes are essentially housekeeping, and accepts them effective January 7, 2004 as requested.

**Docket CP04-29**  
**Transcontinental Gas Pipe Line Corporation**  
**City of Monroe Delivery Point**

**DATE FILED:** December 8, 2003

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transcontinental Gas Pipe Line Corporation (Transco), filed an application pursuant to Sections 157.205 and 157.211 of the Commission's Regulations under the Natural Gas Act (NGA), for authorization to construct and operate a new delivery point for the City of Monroe, a North Carolina Municipal Corporation (City of Monroe), under Transco's blanket certificate issued in Docket No. CP82-426-000.

Transco proposes to construct, own, and operate a delivery point in Iredell County, North Carolina, for a new gas transportation customer, City of Monroe. The proposed facilities are two 6-inch tap valve assemblies, a meter station with one 4-inch ultrasonic flow meter, two hundred feet of 6-inch inlet piping to the meter station, 4-inch bypass piping, 6-inch yard piping, 6-inch outlet piping from the meter station, pulsation dampener vessel, odorization system, electronic flow measurement, communications equipment, and other appurtenant facilities. Transco states that the City of Monroe will initially receive at the proposed delivery point up to 20,400 dekatherms per day of gas from Transco on a firm or interruptible basis at the new delivery point. The estimated total cost of Transco's proposed facilities is approximately \$878,500 and the City of Monroe will reimburse Transco for all costs associated with such facilities. Transco also states that the City of Monroe currently is served by Piedmont Natural Gas Company but due to a variety of business reasons, the City of Monroe wants to have gas delivered to its municipal distribution system directly by the Transco system in the future.

Transco further states that the City of Monroe will construct, own and operate any appurtenant facilities to enable it to receive gas from Transco at the proposed delivery point and move the gas to its distribution system. The City of Monroe's facilities will include approximately 38.5 miles of 10-inch pipeline extending from Transco's proposed delivery point to the City of Monroe's existing distribution facilities.

**ACTIVITIES:**

December 19, 2003 -PGW filed a motion for "Leave to Intervene" with the Commission.

**Docket RP04-101**  
**Transcontinental Gas Pipe Line**  
**S-2 Rate Charges**

**DATE FILED:** December 3, 2003

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Take notice that on December 3, 2003, Transcontinental Gas Pipe Line Corporation (Transco) tendered for filing to its FERC Gas Tariff, Third Revised Volume No.1, TwentyFourth Revised Sheet No, 28, with an effective date of December 1, 2003.

Transco states that the purpose of the instant filing is to track rate changes attributable to storage service purchased from Texas Eastern Transmission Corporation. (TETCO) under its Rate Schedule X-28, the costs of which are included in the rates and charges payable under Transco's Rate Schedule S-2.

Transco states that this filing is being made pursuant to tracking provisions under Section 26 of the General Terms and Conditions of Transco's Third revised Volume No. 1 Tariff. Transco further states that included in Appendix A attached to the filing is the explanation of the rate changes and details regarding the computation of the revised S-2 rates.

**ACTIVITIES:**

December 10, 2003, PGW filed an "Intervention" in this proceeding.

December 17, 2003, the Commission accepted this filing stating that, this acceptance for filing shall not be construed as a waiver of the requirements of Section 7 of the Natural Gas Act, as amended; nor shall it 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 tariff; 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.

**Docket RP03-567**  
**Transcontinental Gas Pipe Line Corporation**  
**Rate Schedule X-28 Storage Services**

**DATE FILED:** August 14, 2003

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transcontinental Gas Pipe Line Corporation (Transco) filed, pursuant to Section 26 of the General Terms and Conditions of its FERC Gas Tariff, the referenced tariff sheet to track rate changes attributable to storage service purchased from Texas Eastern Transmission, LP (TETCO) under its Rate Schedule X-28. The costs of the storage service purchased from TETCO under Rate Schedule X-28 are included in the rates and charges payable under Transco's Rate Schedule S-2.

**ACTIVITIES:**

August 26, 2003 - PGW filed a motion for "Leave to Intervene" with the Commission.

September 2, 2003 – The Commission stated that the referenced tariff sheet satisfactorily complies with Transco's tariff and is accepted effective August 1, 2003, subject to any further Commission action in TETCO's Docket No. RP03-542.

**Docket RP03-542**  
**Texas Eastern**  
**Electric Power Cost (EPC)**

**DATE FILED:** July 1, 2003

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene, protest and conditionally requested a technical conference jointly with Consolidated Edison Company of New York Inc., Orange and Rockland Utilities Inc., to protect its interest in this case.

**BACKGROUND:**

Texas Eastern Transmission, LP (Texas Eastern) filed, pursuant to Section 15.1 of the General Terms and Conditions of its tariff, revised tariff sheets to implement its semi-annual adjustment of the Electric Power Cost (EPC) component of its rates. Texas Eastern proposes an effective date of August 1, 2003.

**I. Details of the Filing**

Texas Eastern asserts that the proposed EPC adjustments reflect changes in Texas Eastern's projected expenditures for electric power required to operate transmission compressors for the twelve months beginning August 1, 2003. It claims that the filing is based on Texas Eastern's actual EPC costs of approximately \$42.4 million for the twelve months ending April 30, 2003, which represents an increase of \$10.2 million, or approximately 32 percent, from the previous period ending October 31, 2002.

According to Texas Eastern, the proposed EPC increases are due to increases in (1) throughput quantities; (2) demand costs; and (3) electric power rates. Texas Eastern states that increased gas quantities for compressor stations during the last winter season resulted in increased purchases of electric power necessary for compression. Texas Eastern further states that peak utilization of electric power during a particular winter month established new, higher peak demand levels under its power contracts that resulted in increased demand costs in succeeding months. In addition, Texas Eastern states that the costs of purchasing electric power increased as a result of electric power rate increases under its various electric power purchase contracts.

Included in this filing for the first time are costs and billing determinants for Texas Eastern's Incremental Market Expansion Project (TIME Project). On June 28, 2002, the Commission issued a certificate authorizing the TIME Project to increase capacity by 100,000 Dth/d, which included the installation of a new 10,000 HP electric driven compressor at the existing Lambertville Compressor Station in Hunterdon County, New Jersey. The Commission approved the proposed reservation charge of \$12.16 Dth/d as the incremental recourse rate under Rate Schedule FT-1, subject to adjustments for the

full costs of fuel, electric and applicable surcharge accounts. The Commission required Texas Eastern to credit the full fuel, electric, and surcharge amounts to the appropriate fuel, electric, and surcharge accounts for the negotiated services it will provide using the TIME Project facilities to avoid cross-subsidy issues concerning existing customers. To the extent the electric costs and fuel shrinkage exceed the costs included in the incremental recourse rates for the TIME Project, the Commission found that Texas Eastern must recover these costs from the customers receiving service from the facilities or remain responsible for such costs. To track such charges and surcharges accurately, Texas Eastern was directed to make adjustments in its tracking mechanisms as necessary to ensure that existing customers do not subsidize the costs resulting from this new incremental service

Texas Eastern states that in order to comply with Commission orders authorizing the TIME Project and the Freehold Lateral Project on Texas Eastern's system, all costs of electric power compression for incremental services under the TIME Project and Freehold Lateral Project were allocated to the TIME and Freehold expansion shippers, respectively. The actual compression costs incurred at the new Franklin compressor station are directly assigned to the Freehold expansion project. The actual costs associated with both the new electric compressor unit at the Lambertville station and those pre-existing electric compressor stations along the TIME project's transportation path are divided between the TIME project and system services based on the actual throughput at the stations

#### ACTIVITIES:

July 14, 2003 - PGW filed a motion for "Leave to Intervene, Protest and conditionally Request a Technical Conference" with the Commission.

Schedule No. 2 of Texas Eastern's EPC Filing shows its proposed allocation of the EPC costs associated with each of its electric compressors. Those costs are allocated either to the Freehold project (a market lateral project), the TIME project, or to System Services.

Line 16 of Schedule No. 2 reflects Texas Eastern's proposed allocation of the electric costs associated with the Lambertville compressor constructed as part of the TIME project. Of the \$377,451 shown as the total Lambertville EPC costs, Texas Eastern proposes to allocate \$242,106 to the TIME project (column 10), and the remaining \$135,345 to system customers (column 13).

Texas Eastern's method for allocating Lambertville electric costs to system customers is described in the last four lines of Schedule No. 2A, page 3. "The cost of electric power utilized at the new Lambertville station is assigned between the TIME service and the system services each month based upon the actual load factor percentage of the TIME service for each month, except that for any month in which the Lambertville station did not run at all, all costs are assigned to the TIME Project service."

The basis for the Companies' objection to any allocation of Lambertville electric costs to system customers may be stated simply. Prior to initiation of TIME Project service, the throughput of system customers did not require a Lambertville electric compressor. In fact, no such compressor existed. Accordingly, notwithstanding its acknowledgement of the fact that the Commission has required it to allocate "all costs of electric power compression required for the incremental services under the TIME project to the TIME project," Texas Eastern is proposing to increase the costs of its system customers in order to provide the TIME service. This is a result prohibited by the Commission's orders in the TIME certificate proceeding.

Texas Eastern's approach, i.e., the allocation of costs based on the TIME load factor for the month, ignores the fact that just as system customers should not be required to subsidize the costs of the capital invested in the TIME project, e.g., the return on and return of investment, system customers also should not be required to subsidize the operating costs of those facilities. Here, Texas Eastern elected to construct certain facilities, including the Lambertville station, presumably because those facilities constituted the most efficient way of moving the incremental TIME volumes. Other, more capital-intensive groupings of facilities, e.g., more pipe and no compression, presumably could have been constructed with the same end result. Surely, the fact that Texas Eastern chose to build facilities with lower capital costs, but higher operating costs, i.e., the requirement that it compress not just TIME volumes, but system volumes as well at Lambertville, should not serve to justify the allocation of Lambertville electric costs to system services.

As may be seen by reference to Schedule No. 1, page 2, columns 6 and 7, lines 27 and 35, Texas Eastern is proposing higher EPC for M2-M3 service than for TIME service. This result must lead to one of two possible conclusions. Either (1) Texas Eastern's proposal is contrary to the 1999 Certificate Policy Statement<sup>71</sup>, which would not permit incremental charges to be lower than the charges for comparable system services, or (2) the TIME EPC charges are lower than the M2-M3 EPC charges solely because the M2-M3 EPC charges are based on 12-months' costs while the TIME EPC charges are based on only approximately 5-months' costs.

If the TIME EPC charges are lower than the M2-M3 EPC charges solely because the TIME EPC charges are calculated on approximately 5-months' costs, a fact that may not be known until Texas Eastern makes its next semi-annual EPC Filing, then, presumably, Texas Eastern will be accruing unreimbursed EPC costs associated with the TIME project for recovery through its surcharge mechanism in its next semi-annual EPC Filing. However, no mention is made of any of this in the July 1 filing and the Companies seek clarification that (1) TIME EPC costs should be rolled into system EPC costs if the TIME EPC charges would be lower than M2-M3 EPC charges, and (2) any EPC costs not recovered through the TIME EPC charges either will be collected from the TIME shippers or will be absorbed by Texas Eastern, but in no event should be paid by system shippers.

Should the Commission be unable to make these determinations based on the facts of record, the Companies request a technical conference to permit the development of an adequate record.

July 31, 2003 – The Commission conditionally, accepts and suspends the tariff sheets to be effective August 1, 2003, subject to refund and condition, as explained below. This order benefits customers as it will allow a thorough review of the costs and cost allocations underlying the proposed revised rates to be undertaken to ensure that the proposed revisions result in rates that are just and reasonable.

The Commission will require Texas Eastern to further explain and justify its proposed methods of determining electric power costs applicable to the TIME project. Texas Eastern must show how its methods ensure that system shippers are not subsidizing the costs of the TIME project. The parties will have 10 days thereafter to comment on its July 23, 2003 answer and on its response to our questions herein. We will defer action on the requests for clarification and to establish a technical conference pending our review of the additional information and the parties' comments submitted in response thereto.

Based upon a review of the filing, the Commission finds that Texas Eastern's proposed rates may not be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, the Commission will conditionally accept tariff sheets for filing, subject to refund, and suspend their effectiveness for the period set forth below, subject to the conditions set forth in this order.

August 20, 2003 – Texas Eastern filed an explanation with additional information with the Commission.

September 2, 2003 – PGW, Consolidated Edison Company of New York, Inc and Orange and Rockland Utilities, Inc. filed Reply Comments stating:

#### The Companies' (PGW ConED.) Position

The Answer addresses the TIME subsidy issue commencing at page 6. Texas Eastern begins by noting that the Companies object to any allocation of Lambertville EPC to system customers. It then, inexplicably, asserts that the Companies are not objecting to Texas Eastern's proposed allocation methodology. Suffice it to say that by objecting to the allocation of Lambertville EPC to system customers, the Companies are, in fact, objecting to Texas Eastern's proposed allocation methodology.

#### The System Benefits Argument

Texas Eastern's first substantive argument is that the "benefits" received by system customers as a result of the TIME project justify an allocation of EPC to them. This system benefits argument – "Texas Eastern operates its system, including the TIME Project compressor, on an integrated basis" -- is premised on circular reasoning. Having built a new compressor to expand its capacity in order to transport TIME gas along with system gas, which did not require the new compressor, Texas Eastern asserts that the system customers "benefit" from the fact that the TIME Project did not prevent Texas Eastern from complying with its contractual obligations to transport system gas. This is not a "benefit." It is a cost of the TIME Project that must be assigned to the TIME shipper.

Beyond its circularity, the benefit argument ignores reality in at least two other regards. First, if the new Lambertville compression actually provided a benefit to system shippers, the Commission would have assigned a portion of the cost of that compressor to the system. It did not because the only beneficiary of the new compressor is NJN. Pre-existing facilities were adequate for system service.

Second, if costs are to be allocated commensurate with benefits, the Commission must not ignore the fact that the TIME volumes move from Kentucky and Ohio to New York and New Jersey and that the TIME Project bears none of the costs of the pre-existing facilities used daily to transport TIME volumes. This enormous benefit to the TIME shipper more than offsets any benefit received by the system customers resulting from Texas Eastern's use of the new compressor "from time to time in lieu of existing older, less efficient gas units at Lambertville station."

Texas Eastern's August 20<sup>th</sup> submission provides more words in support of the supposed system benefit analysis, but these additional words add little to the discussion. In particular, Texas Eastern suggests that it is justified in assigning EPC to system shippers because it built a larger electric compressor at Lambertville than was required for the TIME service. The Companies have no quarrel with Texas Eastern's decision to install a 10,000 HP compressor for virtually the same cost as a 5,000 HP compressor. These are matters between Texas Eastern and NJN, which is paying for the new compressor though its TIME rates.

But the fact that Texas Eastern installed a new compressor, even one with the potential for enhancing the operations of its system, has nothing to do with the allocation of EPC. To the extent that such "enhancements" to system operations exist, they are matters that should have been discussed, and in fact were discussed, by Texas Eastern in its application for the TIME Project. Texas Eastern's raising that issue here is nothing more or less than a collateral attack on the Commission's decision to impose incremental rates on the TIME Project. If Texas Eastern wishes to raise these matters in its next general rate case, it is free to do so.

#### Texas Eastern's Allocation Methodology

Texas Eastern's description of its proposed allocation of Lambertville EPC, when read in light of the data presented at Schedule No. 2A, page 2, of its July 1, 2003 EPC filing, demonstrates that it is proposing to allocate TIME costs to system customers.

Texas Eastern states that whenever the Lambertville compressor "served only as standby facilities," it allocated the EPC costs to the TIME Project. This is reflected in Schedule No. 2A. As there shown, 100% of the Lambertville EPC costs for the months of November, December, and April are assigned to the TIME Project. The Companies agree with this allocation.

Texas Eastern then states: "when the TIME Project compressor provided compression to the gas stream, the electric power costs of the compressor were [attributed] to the entire gas stream."<sup>72</sup> Again, this is reflected in Schedule No. 2A which shows an EPC allocation to system services in January, February, and March. The Companies object to this allocation.

During its peak winter months, when gas flows are highest, Texas Eastern uses the Lambertville compressor in order to move its entire gas stream. But this use of the

Lambertville compressor is not creating a benefit for which system shippers should be allocated EPC. To the contrary, the need for additional compression to move system gas during peak months was created by the TIME Project, without that new compression, the TIME volumes could not flow. Having created the need for the compression, the TIME Project must be allocated the cost of that compression.

#### The Administrative Convenience Argument

Texas Eastern's final argument in support of its EPC allocation methodology is that it is "relatively straightforward" and that a requirement that it allocate all Lambertville compression costs to the TIME Project "would disrupt these integrated operations." Neither of these assertions has merit. In fact, analysis of the data presented in Schedule No. 2A, page 2 establishes that Texas Eastern's approach is anything but straightforward.

By way of example, in December, 2002, the TIME quantities were 1,225,348 and the EPC allocation was \$25,698. In March, 2003, the TIME quantities were 1,078,364 and the EPC allocation was \$12,673. This is a 51% reduction in EPC allocation at the same time as TIME volumes were reduced by only 12%.

The "justification" for this odd result is that system volumes also flowed through Lambertville in December. But, Texas Eastern never even attempts to explain why this fact, required by the creation of the TIME Project, justifies such a dramatic reduction in the dollar allocation to the TIME Project.

Similar anomalies are found in a comparison of February and March results. In February, the TIME volumes were 1,164,877. In March, they were 1,078,364, only 7% less. However, Texas Eastern allocated \$36,142 to TIME in February and only \$12,673 (35%) in March. Again, Texas Eastern provides no justification for such a dramatic reduction in the allocation to the TIME Project.

In brief, Texas Eastern's proposal to allocate total Lambertville EPC on the basis of the TIME load factor in the months in which system gas also flows through Lambertville gives rise to totally unjustified results. Moreover, Texas Eastern's allocation methodology is fundamentally inconsistent with Texas Eastern's purported rationale for an allocation of EPC costs to system customers.

At page 2 of its August 20<sup>th</sup> filing, Texas Eastern states "As a result, to the extent the TIME Project electric compressor is running and the TIME Project service does not flow at 100 percent load factor, electric power costs are allocated both to the TIME Project shipper and to system shippers – based on the load factor for the TIME Project shipper."

Assume then that the TIME Project operates at a 100% load factor during a month in which the Lambertville Station also compresses system gas. Under Texas Eastern's approach, the TIME project would be assigned 100% of the cost and the supposed system benefit would be uncompensated.

Alternatively, assume that the same amount of system gas is compressed by the Lambertville Station in each of two consecutive months, e.g., 10,000,000 Dth, and that the TIME Project operates at a 33.3% load factor during the first month and a 66.6% load factor during the second month. The "benefit" received by the system customers would be the same. But, under Texas Eastern's approach, the EPC allocation to the system customers would differ because of an irrelevancy, the TIME load factor.

Texas Eastern's blanket assertion in its Answer that an allocation of 100% of Lambertville EPC to TIME – which would be consistent with *East Tennessee* -- would “disrupt” its “integrated operations,” is entirely unexplained. Such an allocation would have no impact on Texas Eastern's operations. To the contrary, the Lambertville facility would be used as it was intended, to permit the entire gas stream to flow. And, the costs would be properly allocated given that system gas requires the Lambertville Station solely because of the creation of the TIME Project.

#### CONCLUSION

Texas Eastern's proposal to allocate Lambertville EPC to system shippers is premised on a long-term marketing strategy, not a reasonable cost allocation. That proposal, while ostensibly justified by a “benefits” argument, has no place in this tracker filing.

June 14, 2004

The Commission issued an order stating that, based on review of the additional information by Texas Eastern and the comments of the parties, the Commission finds that, with the exception of its proposed allocation of TIME Project costs to system shippers, Texas Eastern has adequately supported its proposed EPC rates in this proceeding.

1. In this proceeding, Texas Eastern has proposed to allocate a portion of the electric power costs associated with the electric compressor installed at the Lambertville compressor station to system shippers' EPC rates. New Jersey Natural supports the proposed allocation method, while the Companies and ProLiance oppose it. A number of issues have been raised with respect to Texas Eastern's proposed allocation method. The threshold issue is whether any allocation of TIME Project electric power costs to system shippers at all is appropriate. We find that there are material facts in dispute in this case and that the record is insufficient to support a decision. We also find that resolution of the issues raised by the filing and the protests regarding the rate treatment of electric power costs attributable to the TIME Project would benefit from a formal hearing where all the issues can be thoroughly ventilated and a full record can be compiled. Accordingly, we condition acceptance of the EPC rates filed in the instant proceeding on the outcome of the hearing proceedings established herein.

2. Pursuant to the authority of the Natural Gas Act, particularly sections 4, 5, 8, and 15, and the Commission's rules and regulations, a public hearing is to be held in Docket No. RP03-542-001 concerning the issues regarding the allocation of electric power costs attributable to the TIME Project raised by Texas Eastern's filing. A Presiding Administrative Law Judge, to be designated by the Chief Administrative Law Judge for that purpose pursuant to 18 C.F.R. § 375.304, must convene a pre-hearing conference in this proceeding to be held within 30 days after issuance of this order

August 31, 2004, July 15, 2004, and June 23, 2004 PGW, in conjunction with Consolidated Edison and Orange and Rockland Utilities, filed Data Requests in the TIME

Project cost allocation issue. These Data Requests relate to the Electric Power Cost (EPC) associated with the operation of the new compressors installed as part of the Time Expansion Project. This is part of PGW's ongoing attempt to minimize the rate impact to PGW of the pipeline expansion projects that have no direct benefit to the company. PGW will examine the requested data to isolate cost and cost mythologies, which result in unfair and unreasonable costs unrelated to PGW's operations.

September 2, 2003, PGW and Consolidated Edison Company of New York, Inc., Orange and Rockland Utilities, Inc., pursuant to the Order Conditionally Accepting and Suspending Tariff Sheets, submitted reply comments. The Companies requested the Commission to find that Texas Eastern is proposing to require its system customers to subsidize the electric power costs ("EPC") associated with the TIME Project and further request the Commission to order Texas Eastern to allocate all Lambertville EPC to the TIME Project.

September 14, 2004 - An informal settlement conference was convened in this proceeding at the Federal Energy Regulatory Commission

October 4, 2004 – the Commission issued this order:

1. On October 4, 2004, Texas Eastern Transmission, LP ("Texas Eastern") filed a motion requesting that the Chief Judge suspend the procedural schedule and hold this proceeding in abeyance in light of an agreement in principle reached among Texas Eastern and the active parties.
2. Texas Eastern states that Counsel for Commission Trial Staff and Counsel for Consolidated Edison Company of New York, Inc., Orange and Rockland Utilities, Inc. and Philadelphia Gas Works (collectively "Con Edison") have authorized Texas Eastern to state that the motion is supported by Staff and Con Edison, respectively.
3. Accordingly, for good cause shown, the Track II procedural schedule, including the hearing commencement date of February 4, 2005, is hereby suspended pending finalization of the settlement documents and filing with the Commission. If no settlement is filed by November 4, 2004, parties are directed to file a status report at that time.

**Docket RP03-550**  
**Dominion Transmission, Inc.**  
**Revise Gas Quality Specifications**

**DATE FILED:** July 18, 2003

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Dominion Transmission, Inc. (Dominion) filed the referenced tariff sheet to revise one element of its gas quality specifications applicable to all receipts of natural gas by Dominion by increasing the maximum acceptable level of nitrogen from 3 percent to 4 percent. The referenced tariff sheet is accepted effective August 17, 2003, as proposed. In summary, Dominion states that the tariff revision is being made: (1) due to the impending reactivation of LNG facilities operated by Dominion Cove Point LNG, L.P. (Cove Point), which has a gas quality specification allowing for a 4 percent nitrogen content; (2) as a result of a re-examination of its system with a finding that increasing the allowed nitrogen content to 4 percent will not result in any operational or safety problems and will not adversely affect its customers; (3) to ensure consistent quality specifications among interconnected pipelines so that the flow of gas across the interstate pipeline grid will not be inhibited; and (4) to ensure that the deliveries of gas from Cove Point will conform to Dominion's quality specifications.

**ACTIVITIES:**

July 25, 2003 - PGW filed a motion for "Leave to Intervene" with the Commission.

August 12, 2003 -The Commission issued an order stating that Dominion's tariff proposal is satisfactorily supported and consistent with gas quality specifications of other pipelines in the same region. Accordingly, the tariff sheet is accepted effective August 17, 2003.

**Docket RP03-540**  
**Transcontinental Gas Pipe Line Corporation**  
**Reference Spot Price Zone 6**

**DATE FILED:** July 1, 2003

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transcontinental Gas Pipe Line Corporation (Transco), tendered for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, Fifth Revised Sheet No. 360, to be effective June 1, 2003.

Transco states that the tariff sheet is to provide an alternative method to determine the Reference Spot Price for the cash-out of imbalances in its Zone 6 transportation area. Transco proposes to use an alternate pricing point, (the Dominion South Point price index), to price imbalance cash outs for any week in which there is no reported price for its current Zone 6 pricing point (the Dominion North Point price index). Transco also proposes to use this Dominion South pricing point index to cash out imbalances for June 2003, because no Dominion North prices were published for that period. As discussed below, the Commission grants the necessary waivers and accepts and suspends Transco's proposed tariff sheet to be effective, June 1, 2003, subject to further proceedings as discussed in the body of this order. The conditional acceptance of this tariff modification is in the public interest because it provides a reasonable alternative, when necessary, to use in determining cash out reference spot prices on Transco's system. Transco states that under its tariff, following the imbalance trading process, transportation shippers with remaining imbalances at the end of the trading period are cashed out by zone. Specifically, Section 37.1(a)(i) of Transco's General Terms and Conditions (GT&C) provides for, among other things, a Reference Spot Price for Zone 6 based on the Dominion North Point Price reported in Natural Gas Week's Spot Prices. The Reference Spot Price is then calculated based on each week of the month of gas flow and also includes prices from the first week of the following month.

**ACTIVITIES:**

July 15, 2003- PGW filed a motion for "Leave to Intervene" with the Commission.

July 31, 2003- The Commission issued an order stating that based upon a review of the filing, the Commission finds that the proposed tariff sheet has not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, the Commission accepts the tariff sheet for filing and suspends its effectiveness for the period set forth below, subject to the conditions set forth in this

order. The Commission will exercise its discretion to suspend the rates for a shorter period and permit the rates to take effect on June 1, 2003, subject to the conditions set forth in the body of this order.

The Commission will not require Transco to make any refunds with respect to its use of the index price proposed in the instant NGA section 4 filing. Any changes the Commission requires will be prospective only. However, the ultimate burden remains on Transco to show that use of its proposed index is just and reasonable.

**Docket CP02-233 & RP97-346-018**  
**Equitrans L.P.**  
**CIPCO Merger**

**DATE FILED:** May 20, 2002

**ISSUES:** Philadelphia Gas Works ("PGW") has filed Initial Comments to protect its interest in this case.

**BACKGROUND:**

Equitrans and CIPCO filed a joint application in Docket No. CP02-223-000 pursuant to Sections 7(b) and 7(c) of the Natural Gas Act for authorization permitting Equitrans to acquire and operate by merger CIPCO's gas pipeline services and facilities, and for authorization permitting CIPCO to abandon such services and facilities. Equitrans and CIPCO did not propose a change in rates for Equitrans and CIPCO customers. Instead, they proposed that such customers would continue to pay their existing rates until such time as Equitrans files a new general rate case pursuant to the Natural Gas Act ("NGA").

The proceedings in Docket Nos. RP97-346-018, *et al.*, involved a general rate increase application filed by Equitrans. Pursuant to a settlement approved in that case, Equitrans is to file a general rate adjustment by August 1, 2003.

**SETTLEMENT TERMS:**

The Settlement filed on March 25, 2003 provides that no party will object to prompt Commission approval of the Settlement. All parties, however, retain their right to oppose rolled-in cost treatment of the CIPCO facilities in any future rate proceeding filed by Equitrans pursuant to Section 4 of the NGA. Stip. at Article II.

Second, the Stipulation provides that, within thirty days of the date of Commission approval of the Settlement and the application in Docket No. CP02-233-000 becomes final and not subject to rehearing, Equitrans and its affiliate Equitable Field Services, LLC ("EFS") will file with the Commission an application for a determination of the non-jurisdictional gathering status of all gathering facilities identified on CIPCO's books and certain CIPCO facilities currently listed as transmission but which serve a gathering function. Stip. at Article III. That application will request abandonment of those facilities and the service they render by transfer of the facilities and service to EFS. The Stipulation further provides that, subject to Commission determination of the non-jurisdictional gathering status of those facilities and the service they render, no party to these proceedings will oppose or protest such application or seek rehearing or reconsideration of a Commission order approving such application without any material modification.

Third, the Settlement provides for an extension of the rate moratorium established in Docket Nos. RP97-346-018. Stip. at Article IV. Specifically, Equitrans waives its

right to file a general rate case so that the existing rates for Equitrans and CIPCO services will remain in effect through March 31, 2005, and continue in effect until such time as Equitrans seeks general rate relief pursuant to Section 4 of the NGA. Additionally, the Settlement provides that if Equitrans in a future general Section 4 rate proceeding files to roll-in for ratemaking purposes the costs of any CIPCO assets or the costs of any CIPCO liabilities, Equitrans will have the burden of demonstrating that the proposed roll-in will have no increased rate or fuel impact on individual Equitrans customers. The Stipulation does not preclude any party from taking any position on such issue in a future Equitrans general Section 4 rate proceeding.

Fourth, the Settlement addresses the issue of Post Retirement Benefits Other Than Pensions ("PBOP"). Stip. at Article V. The Stipulation provides that Equitrans can continue to record the difference between the actual PBOP and the PBOP funding allowance provided in the settlement in Docket Nos. RP97-346-018, until Equitrans' next rate case or until Equitrans makes a filing as follows: Equitrans agrees to file, and the parties to these proceedings agree not to object to Equitrans' right to file, a prospective single issue rate filing under Section 4 of the NGA, the sole purpose of which will be to recover such costs by a surcharge. The filing will be made only in the event Equitrans does not file a general rate case under Section 4 of the NGA at the end of the extended moratorium period set forth in Article IV of the Settlement. Any such filing will provide the amount to be amortized and will recommend a methodology for collecting the surcharge. Such surcharge will be in effect only until the amount to be amortized has been recovered or until Equitrans files a general rate increase where any remaining PBOP cost will be recovered through the rates there approved. The parties reserve their rights to challenge the cost accounting methodology of the claimed PBOP costs, the cost allocation and the amount of such costs.

Finally, the Stipulation provides that, upon issuance of a final Commission order approving it without modification, the settlement approved by Commission order issued April 29, 1999 in Docket Nos. RP97-346-018, will terminate and be of no further force or effect. Stip. at Article VI.

#### **ACTIVITIES:**

April 10, 2003- PGW filed a motion for "Initial Comments" with the Commission.

PGW's Initial Comments stated that PGW does not oppose the merger of Equitrans and Carnegie and does not oppose the extension of the moratorium on Equitrans' rates to March 31, 2003. However, PGW does oppose Article V of the proposed Stipulation and Agreement, which would authorize Equitrans to make a single issue rate filing for claimed Post Retirement Benefits Other Than Pension (PBOP).

April 24, 2003, Equitrans and Carnegie filed Reply Comments.

May 16, 2003- PGW filed Answers to Equitrans and Carnegie Reply Comments to correct Equitrans misstatements of PGW's position, relevant Commission precedent, and the 1999 Joint Stipulation and Agreement.

1. Equitrans, *et al.* assert that the proposed Stipulation and Agreement “expressly provides PGW the rights it seeks” (Reply Comments, page 5). This is incorrect. The right that PGW asserts is protection against a stand-alone rate filing for a single cost item (Post Retirement Benefits Other Than Pensions (“PBOPs”). The proposed Stipulation and Agreement does not protect PGW against such a filing. The opposite is the case -- the Stipulation and Agreement creates a right for Equitrans that would not otherwise exist absent a showing of exceptional circumstances (the general language in the original policy statement cited by Equitrans, *et al.* at page 7 was modified by the more specific language in the clarification order that PGW quoted in its Initial Comments at page 2).

2. Equitrans, *et al.* assert that Equitrans has the right to the proposed PBOP treatment under the 1999 Joint Stipulation and Agreement (Reply Comments, page 6). This, too, is incorrect. Section F of Section 2 of Article I of the 1999 Joint Stipulation and Agreement gave Equitrans a right to defer certain PBOP costs until the next general rate case which under Section 7 of Article IX is required to be filed by August 1, 2003. Equitrans has no right to defer PBOP costs beyond the stipulated deadline for its next general rate case, and PGW is not agreeable to changing the 1999 Joint Stipulation and Agreement in that regard.

May 23, 2003, Carnegie and Equitrans filed a reply to Philadelphia Gas' answer, arguing that the answer should be rejected as untimely and impermissible, and as an attempt by Philadelphia Gas to further argue its position on the settlement.

July 1, 2003- The Commission's issued an order stating procedural rules relating to settlements does not provide for answers to reply comments. However, the general rule regarding answers, Rule 213, prohibits answers to answers. Reply comments are, in effect, answers. Thus, both Philadelphia Gas's answer and Carnegie's and Equitrans' reply to that answer are impermissible under the Commission's rules. Nevertheless, because these pleadings provide information that clarifies the issues and aids us in our decision-making, the Commission will accept the pleadings. The substance of the comments and reply comments relating to the proposed settlement, as well as the answers, will be discussed to the extent necessary below.

The Commission orders:

(A) Equitrans is issued a certificate of public convenience and necessity pursuant to NGA Section 7(c) to acquire Carnegie's facilities, as described herein and in the application.

(B) Carnegie is granted authority pursuant to NGA Section 7(b) to abandon its services and facilities by sale to Equitrans, as described herein and in the application.

(C) Equitrans' certificate authorization granted by Ordering Paragraph (A) is conditioned upon Equitrans' compliance with the Natural Gas Act and all relevant provisions of the Commission's regulations, particularly Part 154 and paragraphs (a), (c), (e) and (f) of Section 157.20 of the Commission's regulations.

(D) Equitrans' acquisition of Carnegie's facilities shall be completed within 12 months from the date of this order in accordance with Section 157.20(b) of the Commission's regulation.

(E) Carnegie shall notify the Commission within 10 days of its abandonment and facilities and services as authorized by Ordering Paragraph (B) and file tariff sheets canceling its FERC Gas Tariff consistent with the requirements of Part 154 of the Commission's regulations.

(F) Equitrans' proposal for initial Part 284 rates for service over Carnegie's facilities after the merger is approved and Equitrans shall make a Section 4 filing to place into effect its pro forma rate schedules and conforming tariff changes and provisions to reflect its merger with Carnegie, as described herein and in the application, not more than 60 days and not less than 30 days before it begins operation of Carnegie's facilities.

(G) The applicants' offer of settlement filed on March 25, 2003 is rejected.

(H) Equitrans shall follow the requirements of Gas Plant Instruction No. 5 and the text of Account 102, Gas Plant Purchased or Sold, of the Uniform System of Accounts.

(I) PECO Energy's late motion to intervene is granted.

(J) The protests by PSEG Energy and PECO Energy are denied.

**Docket CP03-84**  
**Transcontinental Gas Pipe Line Corporation**  
**Mobile County, Alabama Facilities Replacement**

**DATE FILED:** April 2, 2003

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Transcontinental Gas Pipe Line Corporation (Transco), an application, for a certificate of public convenience and necessity authorizing Transco's replacement of certain pipeline facilities in Mobile County, Alabama.

Transco states that due to recent increases in the population density along its Mobile Bay Lateral, it must upgrade approximately 1.45 miles of pipeline in Mobile County, Alabama, in order to ensure compliance with USDOT regulations and maintain certificated service and the safety and reliability of the Mobile Bay Lateral.

Transco requests an order granting the authorization requested by July 10, 2003. Transco states that this date is requested to enable commencement of the replacement activities on or about August 4, 2003, in order to restore service by September 15, 2003. Transco estimates the replacement costs to be \$4.0 million.

**ACTIVITIES:**

April 25, 2003 -PGW filed a motion for "Leave to Intervene" with the Commission.

June 11, 2003- The Commission issued an order that grants, subject to certain conditions, the authority requested on April 2, 2003, by Transcontinental Gas Pipe Line Corporation (Transco) in docket CP03-84.

**Docket CP03-46**  
**Dominion Transmission and Texas Eastern**  
**Oakford Storage Complex Compressor Upgrade**

**DATE FILED:** January 30, 2003

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

**BACKGROUND:**

Dominion, and Texas Eastern, filed an application pursuant to the Natural Gas Act, and Part 157 of the regulations of the Federal Energy Regulatory Commission, for authorization to up rate the horsepower on three electric engines at the Oakford Compressor Station and two electric engines at the South Oakford Compressor Station all located within Westmoreland County, Pennsylvania.

DTI and Texas Eastern state that these proposed up rates will provide greater operating flexibility and will potentially improve the performance of the Oakford Storage Complex. DTI and Texas Eastern state that as joint owners of the Oakford Storage Complex they are requesting authorization to operate the two existing 5,000 HP Engines #3 and #4 located at the South Oakford Station to an ISO-rated HP of 5,750 each and to operate the three existing 4,000 HP Engines #13, #14 and #15 located at the Oakford Station to an ISO-rated HP of 4,600 each. According to DTI and Texas Eastern, this operation at the higher HP rating is intended to improve the efficiency of the Oakford Storage Complex by allowing them to use the existing certificated level of capacity more efficiently and to maintain design pressures more effectively. In addition, DTI and Texas Eastern state that these operational improvements will facilitate more reliable and more flexible storage and transportation service to DTI and Texas Eastern's existing customers, *at no additional cost*. DTI and Texas Eastern add that they propose to modify the software controls so that each of the engines may be operated at the design rating described above; that this operation will not require any installation, construction or facility reconfiguration beyond the modifications of the software controls; and, that there will be no air emission issues since these compressor units are powered by electric motors.

**ACTIVITIES:**

February 14, 2003- PGW filed a motion for "Leave to Intervene" with the Commission.

September 16, 2003- The Commission ordered that the proposal to boost compressor output is consistent with the public interest because it will provide greater operating flexibility and enhance performance at the applicants' Oakford Storage Complex.

The authorization issued in Ordering Paragraph (A) is conditioned on the following:

- (1) Dominion and Texas Eastern completing and making available for service the proposed increase in horsepower within one year of issuance of this final order, pursuant to paragraph (b) of Section 157.20 of the Commission's regulations;
- (2) Dominion and Texas Eastern complying with all applicable Commission regulations under the NGA, including, but not limited to, Parts 154 and 284, and paragraphs (a), (c), (e), and (f) of Section 157.20 of the Commission's regulations; and
- (3) Dominion and Texas Eastern complying with the specific environmental conditions listed in the appendix this order.

## **Docket CP03-41 and CP03-43 Dominion Transmission and Texas Eastern**

**DATE FILED:** January 24, 2003

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene to protect its interest in this case.

### **BACKGROUND:**

Dominion, Docket No. CP03-41-000 and Texas Eastern Docket No. CP03-43-000 were filed with the Federal Energy Regulatory Commission abbreviated applications for certificate of public convenience and necessity pursuant to the Natural Gas Act and the Commission's Rules and Regulations. Dominion requests authorization to lease, construct, own, operate, and maintain certain facilities in Pennsylvania, Virginia, and West Virginia; and to provide certain firm transportation and storage services. Texas Eastern requests authorization to construct, own, operate and maintain proposed facilities that will increase the firm transportation capacity on Texas Eastern's system by 223,000 dekatherms per day, and lease this incremental capacity to Dominion.

The estimated cost of Dominion's proposed project is approximately \$78 million of which \$68 million is transportation costs and \$10 million is storage costs. Dominion will pay Texas Eastern a monthly Lease Payment of \$1,085,341 for the leased capacity. Dominion proposes incrementally priced transportation services at rates that are designed to recover the costs of both Dominion's incremental transmission facilities and the capacity that is to be leased from Texas Eastern. In addition to an incremental transportation rate, Dominion proposes to charge four of the five expansion shippers a reservation-based compression charge to recover the cost of the new Quantico compressor station. Dominion states that, since WGL will not use the Quantico station, it will not be required to pay the compression charge.

Dominion proposes to roll in the proposed storage service costs in its next general Section 4 rate case, stating that the incremental cost-based storage rates would be less than the existing storage rates.

Texas Eastern proposes to lease to Dominion 223,000 Dth per day of firm capacity as described above. To provide the capacity, Texas Eastern requests authorization to replace, in four segments, a total of approximately 36.64 miles of its existing 24-inch diameter pipeline (Line No. 1), which is currently abandoned in place, with four new 36-inch diameter pipeline loop segments. Texas Eastern proposes to remove the existing pipe and install the 36-inch diameter pipe in the same right-of-way. In addition, Texas Eastern proposes to replace the existing aerodynamic assembly on the 11,000 hp electric drive compressor unit at its Uniontown (Station 21-A) Compressor station in Uniontown, Pennsylvania, to accommodate the increased throughput. The estimated cost of the proposed project is \$82.8 million. Texas Eastern states that this cost will be fully reimbursed by Dominion under the Lease Agreement with no subsidization

by Texas Eastern's existing customers.

**ACTIVITIES:**

February 14, 2003- PGW filed a motion for "Leave to Intervene" with the Commission.

September 11, 2003- The Commission issued this order:

The Commission orders:

(A) A certificate of public convenience and necessity is issued to Dominion authorizing it to construct, own and operate the proposed facilities and lease capacity on Texas Eastern's system as described and conditioned herein, and as more fully described in its application.

(B) A certificate of public convenience and necessity is issued to Texas Eastern authorizing it to construct, own and operate the proposed facilities and to lease capacity to Dominion as described and conditioned herein, and as more fully described in its application.

(C) The certificates issued in this proceeding are conditioned on specific requirements issued in the order dated September 11, 2003.

**Docket CP03-25**  
**Transcontinental Gas Pipe Line Corp**  
**Clean Air Act Amendments of 1990 Compression Station 60**

**DATE FILED:** December 13, 2002

**ISSUES:** Philadelphia Gas Works ("PGW") has filed for leave to intervene with comments to protect its interest in this case.

**BACKGROUND:**

Transcontinental Gas Pipe Line Corporation (Transco), filed an application in Docket No. CP03-25-000 pursuant to Section 7(c) of the Natural Gas Act (NGA) and Part 157(A) of the Federal Energy Regulatory Commission's Regulations (Commission), for a certificate of public convenience and necessity authorizing Transco's construction and operation of certain facilities at Compressor Station No. 60 (Station 60) in East Feliciana Parish, Louisiana to comply with the Clean Air Act Amendments of 1990.

Transco states that the Clean Air Act Amendments of 1990 and state implementation plans require certain reductions of NO<sub>x</sub> (oxides of nitrogen) air emissions at certain of Transco's compressor stations. Accordingly, during the past few years and over the next few years Transco has installed and plans to install certain facilities at these stations to achieve the required reductions of NO<sub>x</sub>. Transco states that it plans to install these facilities pursuant to its blanket facilities certificate (18 CFR 157.208) issued in Docket No. CP82-426 when it is authorized to do so (either under automatic or prior notice authorization, depending on the estimated dollar amount). However, at the stations where the estimated total cost of installing these facilities is more than \$21 million, Transco states that it is not authorized to perform such work pursuant to its blanket facilities certificate and, therefore, is required to file an application for a certificate of public convenience and necessity.

Transco estimates that the proposed modifications will cost \$32.2 million. Transco submits that the public convenience and necessity requires the issuance of the authorization requested herein because this project will (1) reduce NO<sub>x</sub> emissions at Station 60, and (2) enable Transco to comply with the Clean Air Act Amendments of 1990 and the requirements of the DEQ implementing regulations issued pursuant thereto.

**ACTIVITIES:**

January 10, 2003– PGW filed a motion for "Leave to Intervene with Comments" with the Commission.

**FRA Comments:**

While FRA does not oppose the installation of equipment necessary to comply with the State of Louisiana's plan to implement the Clean Air Act Amendments of 1990, it is unclear to us whether the increased capacity referenced in the filing is simply an outgrowth of the equipment upgrades or whether the upgrades could have been completed for a lower cost, had the rating of the facilities remained unchanged. Despite Transco's claim that there is no need for the additional horsepower associated with the upgrade, coupled with Transco's assertion that the automation software will limit the facilities output, we remain concerned about the significant level of the project costs. We are encouraging the Federal Energy Regulatory Commission to fully review the need for the proposed modifications to the facilities of Station 60.

March 18, 2003- Responded to PGW in a final order:

Approval of Transco's proposal is necessary to reduce NOx emissions at Station 60 to permit Transco's continuation of existing services in compliance with the Clean Air Act Amendments of 1990 and Louisiana's state implementation plan. While Philadelphia has questioned whether the necessary reduction in NOx emissions could be achieved at less expense, Philadelphia Gas has put forward no specific suggestions how the proposal might be modified and still achieve project objectives. The fact that Transco's proposed modifications at Station No. 60 would increase its total potential horsepower does not, by itself, form a basis for concluding that less expensive modifications could produce a similar reduction in NOx emissions.

Commission Order:

(A) A certificate of public convenience and necessity is issued authorizing Transco to modify 10 existing reciprocating compressor units at Station 60, as described in this order and in the application.

(B) Transco shall complete the authorized construction within two years of this order.

(C) Transco must comply with Part 157 of the regulations, especially paragraphs (a), (c)(1), (c)(2), (c)(3), (e), and (f) of section 157.20 and the environmental conditions in the appendix to this order.

(D) Transco shall comply with the noise level conditions set forth herein. Transco shall notify the Commission's environmental staff by telephone or facsimile of any environmental noncompliance identified by other Federal, state, or local agencies on the same day that such agency notifies Transco. Transco shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

By the Commission.