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**FERC BOOK**

Prepared and maintained by the Federal Regulatory Department of the Philadelphia Gas Works.

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**Docket CP06-34  
Transcontinental Gas Pipe Line  
Long Island Expansion Project**

**DATE FILED:** December 7, 2005

**BACKGROUND:**

Pursuant to Rules 212 and 214 of the Federal Energy Regulatory Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.212 and 385.214, Philadelphia Gas Works ("PGW") hereby moves for leave to intervene in the above-referenced docket. PGW requests clarification that Transcontinental Gas Pipe Line Corporation ("Transco") will be required, in its electric power tracker filing following initiation of service for the Long Island Expansion Project ("Project"), to establish that its system customers are not subsidizing the Project's services. Whether the Commission should clarify that Transco will be required, in its electric power tracker filing following initiation of Project services, to establish that system customers are not subsidizing the Project? *Dominion Transmission, Inc.*, 113 FERC ¶ 61,302 at P 11 (2005).

On December 7, 2005, Transco filed an application for authorization to construct and operate the Project ("Application"). Transco states that the Project's facilities include the installation of two 5,000 HP electric motor-driven compressor units at a new compressor station in Middlesex County, New Jersey.

PGW supports enhancements to the natural gas transmission grid, including the Project. Nonetheless, all such projects must be consistent with the Commission's policy prohibiting "one class of customer from subsidizing another class of customer...." *Dominion Transmission, Inc.*, 113 FERC ¶ 61,302 at P 11 (2005).

Transco's Application establishes that (1) the Project's facilities include the installation of 10,000 HP of electric compression (Application at 5), and (2) Transco proposes to apply the "generally applicable" Rate Schedule FT, Zone 6, electric power unit rate to the Project's services (Application, Preface to Exhibit P). However, the Application contains no representation that Transco's collection of Zone 6 electric power charges for the Project's services will offset the entirety of its electric power costs for those services. If those electric charges do not at least equal those electric costs, the remaining costs would be borne by Transco's other customers as a result of Transco's electric power cost tracker mechanism. This would result in a prohibited subsidization. *Dominion, supra.*

Transco's Application states, at page 9, that "Transco will keep separate and identifiable accounts" for the Project. PGW requests the Commission to clarify that such accounts must include the electric power revenues and costs attributable to the Project and that Transco must demonstrate, in its electric power cost tracker filings subsequent to

initiation of Project services, that its system customers are not being required to subsidize the Project. Given that Transco's Application contains no data supporting rolled-in treatment for EPC costs, such a clarification would be consistent with *Tennessee Gas Pipeline Company and National Fuel Gas Supply Corporation*, 113 FERC ¶ 61,335 at P 16 ("National Fuel has not yet held its open season for its share of the additional Hebron deliverability capacity; thus, there is no basis for reaching a predetermination regarding the rate treatment for National Fuel's deliverability expansion costs. Therefore, the burden will be on National Fuel if it files under NGA section 4 to seek rolled-in treatment for such costs.").

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

#### **ACTIVITIES:**

January 4, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene and clarification request to protect its interest in this case.

December 14, 2006 – The Commission granted authorization to begin construction of the Morgan Replacement and uprate of compressor station 207.

**Docket RP06-170**  
**Transcontinental Gas Pipe Line**  
**Remove South Marsh Island from list of Gathering Points**

**DATE FILED:** January 4, 2006

**BACKGROUND:**

Pursuant to Rule 214 of the Federal Energy Regulatory Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214, Philadelphia Gas Works ("PGW") hereby moves for leave to intervene in the above-referenced docket.

On January 4, 2006, Transcontinental Gas Pipe Line Corporation (Transco) filed the referenced tariff sheet to remove the South Marsh Island Block 130 C point from the list of gathering points in its tariff. Transco states that the dehydration facility located at this gathering point was sold on December 31, 2005 and that no gas has flowed through the facility since April 2004. The referenced tariff sheet is accepted effective December 31, 2005, as proposed.

Public notice of the filing was issued on January 10, 2006. Interventions and protests were due as provided in section 154.210 of the Commission's regulations. Pursuant to Rule 214 (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. No adverse comments or protests were filed.

**ACTIVITIES:**

January 13, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

January 27, 2006 - The Commission issued an order accepting this filing.

**Docket RP06-174**  
**Dominion Transmission, Inc.**  
**Penalty Provisions in FERC Gas Tariff**

**DATE FILED:** January 13, 2006

**BACKGROUND:**

On January 13, 2006, Dominion Transmission, Inc. (Dominion) filed certain tariff sheets to revise tariff language regarding the penalty provisions for violations of curtailment or interruption orders or operational flow orders (OFOs). Dominion proposes to modify the existing fixed price penalties to the higher of its fixed price penalties or multiples of indexed prices, and requests an effective date of February 13, 2006. The filing was protested. For the reasons discussed below, the Commission will accept the proposed tariff revisions, effective February 13, 2006, as requested. Currently, section 11.B.4(D) of Dominion's General Terms and Conditions (GT&C) provides that a shipper in violation of an OFO shall pay a penalty of \$10 per Dth. Currently, as set forth in various rate schedules in Dominion's tariff, the penalties for violations of curtailment or interruption orders or OFOs are \$25 per Dth.

In the instant filing, Dominion states that in order to respond to the recent increase in the price of natural gas, it proposes to revise its existing tariff. Specifically, Dominion proposes to increase the penalty level for violations of OFOs from a fixed \$10 per Dth to the higher of \$10 per Dth or two times a daily published index price, and to change the penalty level for violations of curtailment or interruption orders or OFOs in certain rate schedules from a fixed \$25 per Dth to the higher of \$25 per Dth or three times a daily published index price.

Dominion asserts that with current gas commodity prices in the production area ranging from \$10 to in excess of \$20 per Dth during the recent spikes in spot prices immediately following Hurricanes Katrina and Rita, Dominion is concerned that its existing penalties may not be sufficient to preserve the integrity of its system if the price of natural gas remains steady or increases. Dominion states that if natural gas prices exceed the current penalty levels, the penalty levels would be inadequate to discourage takes in violation of OFO, curtailment and other similar type orders. Dominion further states that shippers or balancing parties who opt to incur the lower penalties rather than purchase gas at higher market prices, may compromise the integrity of Dominion's system.

On Sheet No. 1008, Dominion proposes to define the Penalty Index Price as the midpoint price for "Dominion South Point" for the flow date applicable to the day on which the penalty is incurred as published in *Platts Gas Daily*. If the price for Dominion South Point is not available, Dominion proposes the midpoint price for "Columbia Gas, Appalachia" will be used as an alternate index.

Dominion states that its instant proposal is consistent with previous Commission decisions. Dominion also states that its proposal is consistent with recently approved penalties based on multiples of a daily index price, and is within the range of penalties of other pipelines that have been accepted by the Commission.

Public notice of Dominion's filing was issued on January 20, 2006, with interventions and protests due as provided in section 154.210 of the Commission's regulations. *See* 18 C.F.R. § 154.210 (2005). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2005), 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 the proceeding or place additional burdens on existing parties. Both Direct Energy Services, LLC (Direct Energy) and Niagara Mohawk Power Corporation d/b/a National Grid (Niagara Mohawk) protested Dominion's proposal. The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York; KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery Long Island; and Boston Gas Company, Colonial Gas Company, EnergyNorth Natural Gas, Inc., and Essex Gas Company (collectively KeySpan) filed comments. Dominion filed a Response to the protests and comments. The Commission's Rules of Practice and Procedure generally prohibit answers to protests or answers. However, in this case, the Commission will accept Dominion's answer because it provides information that may assist the Commission in its decision-making process. The details of these pleadings are discussed below.

#### Discussion

The Commission finds that Dominion's proposed revisions to its curtailment, interruption and OFOs tariff provisions are reasonable and in accordance with Commission policy as discussed below. With respect to using price indices, on November 19, 2004, the Commission issued its Order Regarding Future Monitoring of Voluntary Price Formation, Use of Price Indices in Jurisdictional Tariffs, and Closing Certain Tariff Dockets, which determined that weekly indices should meet at least one of four criteria, one of which was that the average daily volume traded at the index location was at least 25,000 Dth of gas per day. The Commission finds that Dominion has adequately supported its proposed use of the indices "Dominion South" and "Columbia Gas, Appalachia," as published in Platts Gas Daily as reasonable and consistent with Commission's policy. Accordingly, for the reasons discussed below, the Commission will reject the protests of Direct Energy and Niagara Mohawk, and will accept Dominion's revised tariff sheets listed in the Appendix, subject to the condition set forth below.

In its protest, Direct Energy states that it recognizes the Commission has been routinely approving similar proposals by other interstate pipelines without investigation. However, Direct Energy submits that the Commission has failed in those cases to take into account its past precedent in addressing proposals by interstate pipelines to significantly increase their penalties. Direct Energy cites, for example, the 1996 Order in *Southern Natural Gas Company*, which dealt with the pipeline's proposal to reduce its imbalance penalty tolerance to 1%, without first providing data on the effectiveness of the existing penalty mechanism. Direct Energy states that the Commission ruled that the pipeline's proposal was "not supported by sufficient evidence that this revision is an equitable solution to its alleged imbalance problem." Direct Energy states that the Commission cited its prior order in *Stingray Pipeline Company*, where it ruled that revisions to penalty provisions "must be supported by each pipeline's actual, unique experience."

Direct Energy asserts that in *Southern*, the Commission required the staff to conduct a technical conference and, when the information provided by the pipeline in support of its proposal was insufficient, directed the pipeline to provide additional information. The proposals were suspended for five months in order to permit the Commission time to develop a record.

Direct Energy argues that the Commission should not permit Dominion to make its increased penalties effective after a one day suspension solely on the basis of Dominion's unsubstantiated fears related to the market price of gas. Direct Energy notes that the market price of gas has been in excess of \$10 since August, and yet Dominion pointed to no mischief on its pipeline or to problems last winter when prices were not quite as high. Direct Energy contends that Dominion has failed to fully explain why \$15 and \$25 penalties and multiple tools to control gas flows on its system will not be sufficient to encourage proper behavior this winter.

Direct Energy asserts that the Commission also must carefully review the provisions of Dominion's tariff to ensure that its OFOs and similar penalty provisions are narrowly stated and not subject to pipeline abuse. Direct Energy states that language that may have been acceptable at a \$15 or \$25 per Dth penalty may be overbroad in the context of a \$40 penalty. Direct Energy contends that the Commission must ensure that shippers have sufficient flexibility to be able to avoid penalties and minimize the need for pipelines to impose such penalties.

Direct Energy states that, moreover, and perhaps most important, Dominion's new penalty program is not temporary. Direct Energy argues that if gas prices retreat to more historical levels, Dominion's penalties may remain above its traditional levels and its penalties could have unintended and serious consequences for a shipper that is unable to comply with an OFO or similar pipeline order for legitimate reasons. Direct Energy contends that the Commission's review should not be based on a snapshot of gas prices

and should properly consider the impact of its ruling in the future, when Dominion will be under no obligation to modify its tariff.

In its Response to Direct Energy's protest, Dominion states that Direct Energy ignores market realities and extensive, uniform Commission precedent. Dominion asserts that, contrary to Direct Energy's suggestions, pipelines are not required to wait until operational problems are experienced before designing appropriate penalties, and that such penalties should be set to prevent problems before they occur. Dominion also argues that the clear trend among pipelines to implement similar penalty provisions makes implementation of Dominion's proposal all the more important. Dominion contends that, if its penalties are lower than those of interconnected pipelines perverse incentives would be created to incur penalties on Dominion rather than on other pipelines.

The Commission finds that Dominion's proposed change in the level of its penalties is reasonable and consistent with current Commission policy. In Section 1.1 of the GT&C of Dominion's tariff OFOs are defined as "an order issued to alleviate conditions that, *inter alia*, threaten or could threaten the safe operations or integrity of Pipeline's system, or to maintain operations required to provide efficient and reliable firm service." The Commission has consistently approved high penalties to deter conduct that might threaten a pipeline's operations, and as Direct Energy notes, the Commission has recently approved numerous similar proposals, notwithstanding certain actions taken a decade ago applying different policies. Given the current increased gas prices and the potential for prices to continue rising, Dominion has demonstrated and sufficiently supported the fact that its current fixed penalty may no longer act as an effective deterrent to actions that might threaten its pipeline operations.

With regard to Direct Energy's speculation that gas prices may "retreat to more historical levels," while Dominion's penalties "remain[ed] above its traditional levels," the Commission finds that Dominion's proposal properly addresses concerns based on current and expectant prices for gas. If at some future date, gas prices were to drop to relatively low levels, then the penalty levels would drop commensurate with the drop in gas prices. If gas prices drop so significantly that they fall below the fixed penalty levels of its tariff, then those fixed penalty levels will resume. If other changed conditions were to indicate that Dominion's penalties may no longer be appropriate, Direct Energy or any interested party may file a complaint with the Commission and request that the Commission use its authority under section 5 of the Natural Gas Act (NGA) to require Dominion to revise the penalty levels in its tariff.

#### Gas Price Based Penalties for Hourly OFO Violations

Niagara Mohawk states that although it recognizes that the Commission has recently approved similar penalty structures for other interstate natural gas pipelines, Dominion's filing fails to justify the application of the increased penalties, based on the cost of gas Dominion purports to need to purchase, for hourly OFO violations, where no gas would need to be purchased by the pipeline. Therefore, Niagara Mohawk contends that the Commission should reject Dominion's proposed penalty increases to the extent

Dominion proposes to apply the increased penalties to violations of hourly OFOs and delay the effectiveness of Dominion's proposed penalty increase as it applies to other types of curtailment or OFO violations.

Niagara Mohawk asserts that Dominion's proposed increased penalties should not be used for hourly OFO violations because it argues that tying the penalty for hourly OFOs to an indexed gas price would have no influence on shipper behavior. Niagara Mohawk states that hourly OFOs are called by the pipeline in order to regulate a different rate of hourly flow of gas through the pipeline than would normally occur. Specifically, Niagara Mohawk notes that Dominion's Rate Schedule FTNN, section 9.5.B, permits Dominion to issue an hourly OFO when Dominion determines that hourly quantities delivered to a customer at any delivery point are in excess of the quantities that it can deliver without jeopardizing Dominion's ability to provide firm services to any customer.

Niagara Mohawk asserts that under hourly OFO circumstances, the shipper does not undertake or overrun its scheduled gas quantity for the day in total, even if its hourly flow rate exceeds the hourly OFO. It asserts that, while a penalty for violating an hourly OFO should apply, there is no justifiable basis to tie that penalty to that day's market price of natural gas. Niagara Mohawk argues that the market price of gas will not influence the shipper to comply with the hourly OFO because the shipper subjected to an hourly OFO is merely being asked to change the hourly rate of flow for the gas he has already purchased and brought to Dominion's system. Niagara Mohawk asserts that the shipper subject to an hourly OFO is not facing a choice of paying Dominion a penalty or having to buy gas in the market. Therefore, Niagara Mohawk concludes that should the Commission decline to reject Dominion's entire penalty proposal outright, the Commission should reject, at a minimum, Dominion's proposal to increase the penalty charges for hourly OFOs by tying such charges to index-based prices. In response to Niagara Mohawk's protest that Dominion's proposed penalties are not appropriate for hourly OFO violations, Dominion argues that, to the contrary, a higher, more market-sensitive penalty will provide an enhanced incentive to comply with an hourly flow OFO.

We find that penalties tied to multiples of market prices of gas are appropriate for discouraging violations of hourly OFOs. Accordingly, the Commission does not agree with Niagara Mohawk's arguments on this issue. Contrary to Niagara Mohawk's claim, a shipper subject to an hourly OFO may, indeed, be facing a choice of paying Dominion a penalty or having to buy gas in the market and will choose the option that results in the lowest cost to the shipper. If the hourly OFO penalty is lower than the current price of gas, or at least not substantially higher, then a shipper that has an immediate need for increased gas supplies, may find it worthwhile simply to violate the hourly OFO, take the additional gas, and pay the penalty. The point of an OFO penalty is to discourage such violations of the OFO. Since the Commission issued Order No. 637, we have consistently held that the fact an OFO has been issued means the pipeline is under stress, and therefore the pipeline can justify a high penalty for violating the OFO. Therefore, using a multiple of the price of gas makes sense for OFO penalties, including Dominion's hourly OFO penalty. We also note that although Niagara Mohawk concedes that a

penalty for hourly OFO violations is appropriate, it does not propose any alternative to Dominion's proposal other than to retain the current fixed level penalty. The Commission finds that Dominion's proposal to increase penalties by tying them to a daily gas index price will provide a better disincentive for violating hourly OFOs than a static level of penalties as is currently provided in Dominion's tariff.

#### Impact of Increased Penalties on LDCs

Niagara Mohawk also states that Dominion failed to provide sufficient notice to local distribution companies (LDCs) of the proposed penalty increase to permit LDCs to modify their state-regulated tariffs to prevent operating risk shifting to LDCs. Niagara Mohawk states that the Commission also should consider that Dominion's proposed increased penalties could trigger a consequential, "trickle-down" effect of that anticipated adverse shipper behavior to LDCs downstream of Dominion. Specifically, Niagara Mohawk asserts that Dominion's proposed indexed penalties could shift operating risk to LDCs, such as Niagara Mohawk.

Niagara Mohawk contends that by Dominion invoking the "greater of" a fixed price or a multiple of a price tied to a liquid natural gas index for violations of OFO, curtailment and similar-type orders on its interstate pipeline, Dominion would create a situation where shippers behind an LDC could shift any potential "gaming" activity from Dominion to the LDC where the LDCs penalties continue to be only a fixed price. Niagara Mohawk asserts that if the Commission approves Dominion's proposal, and LDCs need to change their tariffs to implement penalty charges that would prevent the shift of operating risk to LDCs, LDCs would be hard pressed to implement such changes during this 2005-2006 winter period.

Finally, Niagara Mohawk states that Dominion has yet to experience any harm from the increased gas prices over the last few months. Moreover, Niagara Mohawk notes that the 2005-2006 winter heating season is more than half complete, and the market is already experiencing decreases in natural gas prices. Therefore, Niagara Mohawk concludes that there appears to be no urgent need for Dominion to implement the proposed increased penalties tied to natural gas prices. Niagara Mohawk submits that, if the Commission approves Dominion's proposed penalty increase, a delayed implementation of this proposed penalty increase to October 1, 2007, would allow LDCs to apply to their state regulatory bodies to make appropriate changes to LDC penalties to prevent the shift of operating risk from Dominion to the LDCs. For this reason, Niagara Mohawk urges the Commission to delay the effectiveness to at least October 1, 2007, of Dominion's proposed penalty increase as it applies to curtailment or OFO (other than hourly OFO) violations.

In its Response, Dominion characterizes Niagara Mohawk's argument as a "red herring," and asserts that the Commission should reject it. Dominion asserts that Niagara Mohawk's concerns that it cannot timely implement a tariff change to prevent a shifting of operating risk to the LDCs is no reason to prevent Dominion from implementing a just and reasonable change in its penalty levels. Further, Dominion points out that Niagara Mohawk has already protected itself by reference to index prices rather than relying on

fixed price levels. Dominion explains that under Niagara Mohawk's gas delivery programs, either Dominion charges the offending marketer behind Niagara Mohawk for any penalties it caused, or there are no penalties (due to deliveries always equaling confirmed nominations from Dominion). Dominion further points out that Niagara Mohawk uses multiples of the Platts Gas Daily index for its cashouts for large commercial/industrial customers.

We find that Dominion has supported application of its proposed penalty increases to LDCs. Contrary to Niagara Mohawk's argument that Dominion has failed to provide sufficient notice to LDCs, Dominion states that it presented its proposals to its customers in a meeting before making the instant filing and a timely public notice was issued consistent with the Commission's regulations. Furthermore, Niagara Mohawk acknowledges that the Commission has already approved similar proposals for other jurisdictional pipelines, so Dominion's proposal should hardly come as a surprise to Niagara Mohawk or to any other shipper on Dominion's system. Finally, the Commission finds that it would be unreasonable, and not within the Commission's five-month suspension power under section 4 of the NGA, to grant Niagara Mohawk's request to defer the effectiveness of the proposed penalties for a year and a half in order to permit it to seek changes in its own penalty tariff provisions at the state level.

#### Clarification of Tariff Language

KeySpan states that it does not oppose Dominion's application to change its existing penalty provisions, but is concerned that Dominion's proposal fails to provide tariff language which clearly details the basis for assessing penalties incurred on non-business days such as weekends and holidays. Specifically, KeySpan notes that Dominion proposes to calculate its index-based penalties by using the applicable index points published price for the "flow date applicable to the day on which the penalty is incurred." KeySpan points out that this proposed tariff language does not clearly detail which *Platts Gas Daily* "flow date" will be used to establish penalties applicable to a weekend or holiday. KeySpan states that in its cover letter, Dominion only states that "it agreed to clarify that it will use the *Platts Gas Daily* flow dates for prices applicable for non-business days." KeySpan asserts that based on this statement and discussions with Dominion, KeySpan understands that the next business day would be the "applicable flow date." Assuming that this is correct, KeySpan requests that the Commission require Dominion to revise the tariff language proposed for Section 1.1(w) of its GT&C (proposed Sheet No. 1008) to state specifically that the applicable *Platts Gas Daily* flow date used to calculate penalties incurred on non-business days such as weekends and holidays will be the first business day following a weekend or holiday flow date.

In response to KeySpan's comment that Dominion should revise its proposed tariff language to state that the *Platts Gas Daily* flow date for the next succeeding business day will be used to calculate penalties applicable to non-business days, such as week-ends and holidays, Dominion notes that its proposed tariff language states: "Penalty Index Price" shall mean the midpoint price for Dominion South Point as published in *Platts Gas Daily* for the flow date applicable to the day on which the penalty is incurred.

Dominion goes on to explain that *Platts Gas Daily* publishes index prices for "flow dates" that fall on week-ends and holidays. Dominion illustrates this point by citing specific editions of *Platts Gas Daily*, in which index prices were published for flow dates of December 30, 2005 (a Saturday) and January 2, 2006 (a holiday). It states that the "flow date" as referenced in *Platts Gas Daily* need not be the day on which a particular issue of *Platts Gas Daily* is published.

The Commission finds that Dominion's response has adequately explained that the "flow date" for a published index price is not the same as the date of the index publication, and accordingly, in this case, there is no need for Dominion to revise its proposed tariff language.

#### Conclusion

Accordingly, Dominion's revised tariff sheets listed in the Appendix are accepted, effective February 13, 2006.

#### ACTIVITIES:

January 20, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

February 13, 2006 – The Commission issued an order accepting this filing.

**Docket RP06-190**  
**Transcontinental Gas Pipeline Corporation**  
**Cancel Rate Schedules FS, OFS and IS**

**DATE FILED:** January 27, 2006

**BACKGROUND:**

On January 27, 2006, Transcontinental Gas Pipe Line Corporation (Transco) filed revised tariff sheets<sup>1</sup> to reflect the cancellation of Rate Schedules FS, OFS and IS and make additional conforming changes. Transco states that Rate Schedules FS, OFS and IS are being cancelled since Transco no longer provides sales service under these rate schedules. The tariff sheets listed in the Appendix are accepted effective March 1, 2006, as proposed.

Public notice of the filing was issued on February 1, 2006. 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 (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. No protests or adverse comments were filed.

**ACTIVITIES:**

February 6, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

February 17, 2006 – The Commission issued an order accepting this filing

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<sup>1</sup> See attached Appendix for a listing of the filed tariff sheets.

**Docket RP06-197**  
**Transcontinental Gas Pipeline Corporation**  
**Fuel Retention Percentages – GSS and LSS Storage Services**

**DATE FILED:** January 31, 2006

**BACKGROUND:**

On January 31, 2006, Transcontinental Gas Pipe Line Corporation (Transco) filed the referenced tariff sheets to include in its tariff the tracked fuel retention percentages attributable to upstream storage service purchased from: (1) Dominion Transmission, Inc. (Dominion) under its Rate Schedule GSS, which Transco uses to render service to its customers under its Rate Schedules GSS and LSS; and (2) National Fuel Gas Supply Corp. (National Fuel) under its Rate Schedule SS-2, which Transco uses to render service to its customers under its Rate Schedule SS-2. Transco states that its tariff authorizes it to recover from its customers quantities of fuel retained by Dominion and National Fuel, and that it currently recovers such volumes, however, the associated fuel retention percentages attributable to the upstream storage services purchased by Transco from Dominion and National Fuel are not currently stated in Transco's tariff. Transco states that it will continue to track any future changes in the fuel retention percentages assessed by Dominion and National Fuel and make appropriate filings to reflect such changes in its tariff. The referenced tariff sheets are accepted effective March 1, 2006, as proposed. On January 31, 2006, Transco tendered for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, certain revised tariff sheets to become effective March 1, 2006. Transco states that the purpose of the instant filing is to state in Transco's FERC Gas Tariff the tracked fuel retention percentages attributable to upstream storage service purchased from (1) Dominion Transmission, Inc. ("Dominion") under its Rate Schedule GSS, which Transco uses to render service to its customers under its Rate Schedules GSS and LSS; and (2) National Fuel Gas Supply Corp. ("National Fuel") under its Rate Schedule SS-2, which Transco uses to render service to its customers under its Rate Schedule SS-2.

**ACTIVITIES:**

February 6, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

February 22, 2006 – The Commission issued an order accepting this filing

**Docket RP06-199**  
**Transcontinental Gas Pipeline Corporation**  
**Rate Schedule S-2**

**DATE FILED:** January 31, 2006

**BACKGROUND:**

On January 31, 2006, Transcontinental Gas Pipe Line Corporation ("Transco") tendered for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, Thirty-Third Revised Sheet No. 28, to become effective February 1, 2006. Transco states that the purpose of this 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.

**ACTIVITIES:**

February 6, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

February 21, 2006 - The Commission issued an order accepting this filing

**Docket RP06-241**  
**Transcontinental Gas Pipeline Corporation**  
**Non-Conforming Service Agreement**

**DATE FILED:** March 1, 2006

**BACKGROUND:**

On March 1, 2006, Transcontinental Gas Pipe Line Corporation (Transco) filed 20 non-conforming Rate Schedule FT Service Agreements along with the referenced tariff sheets for Commission review. The service agreements contain a transportation contract quantity provision which is not provided for under Transco's FT Rate Schedule and *pro forma* FT Service Agreement. Transco requests that the Commission approve the non-conforming service agreements and proposed tariff sheets effective January 1, 2006. The Commission accepts the non-conforming service agreements and tariff sheets effective January 1, 2006, as requested.

Transco states that the quantity provision of the service agreements constitutes a non-conforming provision and, in light of recent Commission orders, it has filed the contracts with the Commission for review. Transco states that each of the service agreements resulted from a prearranged permanent release of capacity to the Municipal Gas Authority of Georgia (MGAG). Transco states that the firm transportation services at issue in this filing were originally held by twenty separate former sales customers using service under Transco's former G and OG Rate Schedules. Transco states that through various Commission-approved stipulation and agreements the firm sales customers converted their sales service to a limited-term Rate Schedule FT service and subsequently converted to permanent long-term Rate Schedule FT service. Pursuant to these settlements, each converting G/OG sales customer was allowed to choose a varying maximum daily contract demand quantity profile for each month under its FT agreement. Transco states that the varying maximum daily contract demand quantities for each of the Cities was reflected in the FT service agreements by means of an exhibit. Transco states that it does not offer such varying monthly contract demands to all its customers. Consistent with this fact, Transco's current *pro forma* service agreement under Rate Schedule FT contains a single blank to reflect the transportation quantity. Thus, the MGAG contracts are non-conforming.

Transco states that the Cities have appointed MGAG as their agent to administer the service agreements as well as the other gas supply and transportation agreements held by the Cities. The Cities effectuated prearranged permanent releases of their full firm entitlements under their service agreements to MGAG, pursuant to section 42.14 of Transco's GT&C. Transco states that the provisions in MGAG's service agreements do not pose a substantial risk of undue discrimination. Transco states that the Commission has approved non-conforming provisions that do not change the conditions under which service is provided and do not present a risk of undue discrimination. Transco states that the quantity provision should be approved because the deviations

reflect the conditions under which the service was previously provided to the Cities.

Atlanta, Elizabethtown, Elkton and VNG state that Transco should be required to offer to its local distribution company customers the same type of seasonal service being offered to MGAG. These parties further state that the aggregation of 20 individual city firm transportation contracts into one large firm transportation contract held by MGAG is similar in nature to other local distribution companies' firm transportation agreements. Therefore, Atlanta, Elizabethtown, Elkton and VNG state that fairness dictates that Transco offer seasonal service to its other customers.

MGAG urges the Commission to approve the service agreements and to grant the requested waiver to permit the service agreements to be effective on January 1, 2006. MGAG states that the new transportation agreements will allow MGAG to manage its capacity for the benefit of its member cities and to manage transportation imbalances more efficiently and at lower cost for the member cities. In addition, MGAG states that as Transco pointed out in its transmittal letter, the capacity rights under the twenty service agreements were established initially under Transco's Commission-approved service restructuring settlements and were converted into long-term firm transportation agreements by the twenty cities. MGAG further states that the transfer of preexisting, Commission-approved capacity rights using the Commission approved capacity release mechanism does not entail any potential for undue discrimination.

*The Commission grants waiver of the notice period and accepts the non-conforming service agreements and tariff sheets. Cities, through permanent releases of their service agreements, is appointing MGAG to provide gas services to the municipalities. MGAG is a Georgia state public corporation formed under the Municipal Gas Authority Act for the purpose of obtaining gas supplies for Georgia municipalities that own and operate natural gas systems to administer these service agreements. The permanent release of the Cities' capacity was effectuated pursuant to the terms of section 42.14 of Transco's General Terms and Conditions. As such, Transco is not proposing any new seasonal service to any of its customers and is not permitted to do so under its tariff provisions. The permanent release to MGAG will provide the municipalities with the same service that the Cities received under contract entitlements that were established by previously-approved settlements. The contracts will continue to be used to serve the same customers with the same level of service that the Cities have historically received.*

Based on these circumstances, the Commission finds that the varying seasonal contract demands in the filed contracts with MGAG are permissible material deviations from Transco's form of service agreement. Accordingly, the Commission rejects the request by Atlanta, Elizabethtown, Elkton and VNG that Transco be required to provide seasonal service to other customers.

**ACTIVITIES:**

March 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

March 31, 2006 – The Commission issued an order accepting this filing

**Docket RP06-248**  
**Transcontinental Gas Pipeline Corporation**  
**GRO Fuel Retention Percentages - Storage**

**DATE FILED:** March 1, 2006

**BACKGROUND:**

On March 1, 2006, Transcontinental Gas Pipe Line Corporation (Transco) filed revised tariff sheets pursuant to section 38 of the General Terms and Conditions of its tariff to reflect a redetermination of its fuel retention percentages (FRP) applicable to transportation and storage rate schedules. The revised FRPs are based on Transco's estimate of gas required for operations (GRO) for the upcoming annual period April 2006 through March 2007, plus the balance accumulated in the deferred GRO Account as of January 31, 2006. The revised tariff sheets are accepted effective April 1, 2006, as proposed.

**ACTIVITIES:**

March 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

March 23, 2006 – The Commission issued an order accepting this filing

**Docket RP06-264**  
**Dominion Transmission, Inc.**  
**Refunctionalize Facilities**

**DATE FILED:** March 6, 2006

**BACKGROUND:**

On March 6, 2006, Dominion Transmission, Inc. (DTI) filed the referenced tariff sheets to modify its FERC Gas Tariff, Second Revised Volume No. 1A for the following reasons: (1) to add 29 distribution facilities as gathering wet facilities, (2) to rename 13 facilities currently designated as "D" lines to "TL" and "H" lines, (3) to remove 16 *facilities that have been previously abandon, sold, or converted to a service line*, (4) to add new gathering facilities recently added to DTI's gathering system, and (5) to add certain lines that should have been previously included in Volume No. 1A, but were inadvertently omitted or deleted. The referenced tariff sheets are accepted effective April 5, 2006, as proposed.

**ACTIVITIES:**

March 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

March 29, 2006 – The Commission issued an order accepting this filing.

**Docket IN05-4-001 and 002**  
**Texas Eastern Transmission, LP.**  
**Non-Conforming Service Agreements**

**DATE FILED:** March 1, 2006

**BACKGROUND:**

By notice issued March 10, 2006, the Commission announced the filing by Texas Eastern of a supplement to its February 27, 2006 filing in compliance with the February 28, 2005 Order Approving Stipulation and Consent agreement. The supplemental compliance filing was made on March 3, 2006, and, together with the original compliance filing, submits a total of 52 natural gas transportation and storage contracts for Commission review. These contracts are executed, in-force agreements which Texas Eastern did not file previously with the Commission and which contain material non-conforming terms and conditions. In its February 28, 2005 Order, the Commission required that Texas Eastern identify and file such contracts. On February 27, 2006, Texas Eastern filed 49 natural gas transportation and storage contracts said to contain terms and conditions that deviate from its tariff form service agreement. On March 3, 2006, Texas Eastern filed an additional three contracts. Texas Eastern states that these filings are made pursuant to the Commission's February 28, 2005 "Order Approving Stipulation and Consent Agreement."

**ACTIVITIES:**

March 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

April 21, 2006 – The Commission issued an order accepting this filing

**Docket CP06-47**  
**Dominion Transmission, Inc.**  
**North Summit Storage Complex Conversion**

**DATE FILED:** January 5, 2006

**BACKGROUND:**

On January 5, 2006, Dominion Transmission, Inc. (Dominion) filed an application, pursuant to Section 7(c) of the Natural Gas Act (NGA) and Part 157 of the Commission's Regulations requesting authorization to convert an existing observation well (Well UW-207) located in Dominion's North Summit Storage Complex (North Summit) in Fayette County, Pennsylvania, to an injection/withdrawal (I/W) well. Dominion also intends to install, under its blanket certificate authorization, approximately 0.7 miles of 8-inch pipeline and appurtenances, in order to tie the well into the storage field. As discussed below, the requested authorization is required by the public convenience and necessity and is granted herein.

Dominion is an interstate gas transmission business unit of Dominion Resources, Inc., a fully integrated natural gas and electric company. Dominion is engaged primarily in the business of storing and transporting natural gas in interstate commerce for customers principally in New York, Ohio, Pennsylvania, West Virginia, Virginia, Maryland and the District of Columbia.

On June 5, 1990, the Commission authorized Dominion to develop the North Summit storage field with a certificated total capacity of 23 Bcf, consisting of 11.5 Bcf of base gas (10 Bcf of injected base gas and 1.5 Bcf of native gas) and 11.5 Bcf of top gas capacity. North Summit has a designed maximum deliverability of 300 MMcfd, as limited by dehydration capacity. At the time storage operations commenced at North Summit in 1991, the southern portion of the pool was thought to be watered off, due to the down-dipping of storage formations toward the southwest. Dominion developed a number of observation wells throughout North Summit to monitor the movement of storage gas as it is injected and withdrawn from the reservoir. Well UW-207 was initially drilled in 1998 as one of these observation wells. Pressure data over the last seven years indicates that storage gas has migrated to the portion of the field where Well UW-207 is located. Therefore, Dominion proposes to convert Well UW-207 to an I/W well in order to more effectively recover the migrated gas, and to provide greater operating reliability and flexibility in managing the movement of gas inventory within the storage field. Dominion does not request an increase in the certificated total inventory or in the certificated maximum daily deliverability. Rather, the conversion of Well UW-207 will maintain Dominion's current level of service. The conversion will require minimum work to the well itself, but does not involve any ground disturbance. Because this well conversion will help ensure the integrity of the storage field, Dominion proposes rolled-in

rate treatment at the time of its next general rate proceeding for the de minimis costs associated with this project.

Dominion also intends to install, under its blanket certificate authorization, a new storage pipeline, UP-25, in order to tie the well into the storage field. The pipeline will consist of 3,666 feet of 8-inch diameter pipe with appurtenant facilities, including a meter, step-ladder drip, separator, fiberglass holding tank, alcohol dropper, valves, launcher, and receiver. These facilities allow for better management of produced reservoir fluids during the withdrawal cycle.

At a hearing held on the date noted above, there was received and made a part of the record in this proceeding all evidence, including the application and exhibits thereto, submitted in support of the requested authorization sought herein.

On September 15, 1999; the Commission issued a Policy Statement to provide guidance as to how we will evaluate proposals for certificating new construction. It provides that a pipeline must financially support a project without relying on subsidization from its existing customers. The Policy Statement established 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 new pipeline facilities, the Commission balances the public benefits against the potential adverse consequences.

The Policy Statement provides that increasing the rates of existing customers to pay for projects designed solely to improve reliability or flexibility of service for those existing customers is not a subsidy and that the costs of those projects may be rolled in. Since the proposed project is necessary to ensure the integrity of North Summit, maintain field flexibility, and resolve the migration concern, all to the benefit of its existing customers, it is appropriate to permit Dominion to roll in the project costs as part of its storage function cost of service in the context of its next general section 4 rate proceeding.

The project will also have de minimus adverse impacts. It will not change Dominion's operations of North Summit in that Dominion will continue to receive gas from the same sources and deliver it to the same interconnecting pipelines. There is no effect on Dominion's peak and annual delivery obligations, and this project poses no detriment or degradation to Dominion's firm service to any customer. No new capacity will be created nor will any new markets be served. Since the project does not involve any new service and affects only Dominion's system, there will be no adverse impact on other pipelines or their customers. Nor will the project result in any significant impact on landowners and surrounding communities, since the proposed conversion of Well UW-207 requires only minimal work to the well and no ground disturbance. On balance, the benefits outweigh any potential adverse consequences, and Dominion's proposal is required by the public convenience and necessity.

Environmental review of this proposal under section 380.4(b) of the Commission's regulations confirms that this action qualifies as a categorical exclusion under section 380.4(a)(31).

A certificate of public convenience and necessity is issued to Dominion to convert Well UW-207 from an observation well to a I/W well, as described more fully in the application and in the body of this order. Dominion shall comply with all applicable Commission regulations, particularly the conditions set forth in paragraphs (a), (e), and (f) of Section 157.20 of the Commission's regulations. This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order pursuant to 18 CFR § 385.713.

**ACTIVITIES:**

March 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

May 30, 2006 – The Commission issued an order accepting this certificate filing.

**Docket CP06-48**  
**Dominion Transmission, Inc.**  
**Pipeline Facility Abandonment**

**DATE FILED:** January 9, 2006

**BACKGROUND:**

On January 9, 2006, DTI filed an application pursuant to Section 7 of the Natural Gas Act ("NGA") and Part 157 of the Commission's Rules and Regulations for all necessary authorizations required to abandon, transfer, and reclassify approximately 62 miles of low pressure, small diameter pipeline as well as various meters and appurtenant facilities located in West Virginia. Further, DTI states that it is also submitting an application under Section 4 of the NGA seeking approval for the rate treatment associated with the reclassified facilities.

DTI is the interstate gas transmission unit of Dominion Resources, Inc., a fully integrated natural gas and electric company. In a recently completed review of certain Appalachian pipeline facilities, DTI identified ten jurisdictional lines which all serve a predominately distribution function, and which are used to serve residential consumers who are customers of Hope Gas, Inc. d/b/a/ Dominion Hope (Hope), a West Virginia local distribution company (LDC).

DTI states that these ten lines, identified in the application, are currently classified as transmission facilities. The application identification includes the length, maximum allowable operating pressure, and diameter of these lines, as well as the number of Hope customers that are currently served from each line. DTI further states that these transmission lines have been operated to support Hope retail sales to specific Hope residential customers and historically performed only a distribution function. Accordingly, DTI now seeks authorization to abandon by sale to Hope these ten transmission lines, including all applicable rights-of-way, easements, permits and property interests related thereto. DTI states its understanding that Hope will continue to use such transferred lines to provide retail service to the residential customers that are currently served from these lines.

After notice by publication in the Federal Register on January 26, 2006 (71 *Fed. Reg.* 4,357), National Fuel Gas Distribution Corporation; Consolidated Edison Company of New York, Inc. and Philadelphia Gas Works; The East Ohio Gas Company, d/b/a Dominion East Ohio and The Peoples Natural Gas Company, d/b/a Dominion Peoples; and Hope filed timely, unopposed motions to intervene, with Hope including comments supporting the application. No protests or petitions to intervene in opposition were filed.

The environmental review under section 380.4(b) confirms that the requested abandonment qualifies as a categorical exclusion under section 380.4 (a)(31).

At a hearing held on the date of issuance noted above, there was received and made a part of the record in this proceeding all evidence, including the application and all exhibits thereto, submitted in support of the authorizations sought herein.

Because these facilities are used by DTI in support of Hope's LDC distribution function, DTI does not need these pipeline segments to perform its jurisdictional transmission service. Thus, the abandonment will contribute to a more efficient operation of DTI's system. Since the facilities are not needed by DTI and no customers will lose service, the proposal is in the public interest.

Section 1(b) of the Natural Gas Act exempts facilities utilized for the local distribution of natural gas from the Commission's jurisdiction. The Commission does not have a detailed test for determining whether certain facilities are distribution facilities. However, the Commission has emphasized that Courts have "characterized retail sales as the defining characteristic of local distribution". Further, the Commission has distinguished low-pressure pipelines for distributing gas among customers within a local community as opposed to the high pressure pipelines used for transporting gas to the local mains. *From the facts presented it is clear that the facilities at issue currently provide a distribution function, and upon acquisition by Hope will continue to perform a distribution function.*

While the facilities currently classified as gathering are not certificated, they nonetheless are being used by DTI to provide gathering service. DTI is therefore required to file to terminate its gathering service when its gathering facilities are sold. DTI is directed to make such filing not less than 30 days prior to the proposed date of abandonment of that service.

Permission and approval of the abandonment by DTI of the subject certificated pipeline segments and appurtenant facilities, by sale to Hope as described above and in the application, are granted. DTI shall notify the Commission of the effective date of the abandonment authorized in paragraph (A) above within 10 days thereof.

DTI shall make an NGA Section 4 filing, no less than 30 days prior to the effective date of the transfer of the gathering facilities to Hope, to delete the related gathering rates from its tariff, and to make any other conforming tariff changes to reflect the sale and abandonment of the subject gathering facilities. This order constitutes final agency action. *Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order pursuant to 18 CFR § 385.713.*

#### **ACTIVITIES:**

March 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

May 11, 2006 – The Commission issued an order accepting and approving this facility abandonment filing.

**Docket CP06-83**

**Dominion Transmission, Inc.**

**Reclassify Transmission Facilities to Gathering**

**DATE FILED:** March 6, 2006

**BACKGROUND:**

On March 6, 2006, Dominion Transmission, Inc. (Dominion) filed an application to reclassify certain natural gas facilities in West Virginia from transmission to gathering.

Dominion is the interstate gas transmission unit of Dominion Resources, Inc., a fully integrated natural gas and electric company. Dominion is engaged primarily in the operation of an interstate pipeline system for the transportation and storage of natural gas in the states of New York, Ohio, Pennsylvania, Virginia, West Virginia, Maryland, and the District of Columbia, under authorizations granted by and subject to the jurisdiction of the Commission.

Dominion states that as a part of a comprehensive review of its Appalachian pipeline facilities to determine whether those facilities are properly functionalized, Dominion found that nine of its D-lines and one of its H-lines serve a gathering rather than a transmission function. Dominion states that the function of these facilities requires it to reclassify these lines as gathering. Dominion requests authority to refunctionalize Line Nos. D-108, D-13319, D-1489, D-16343, D-1651, D-18970, D-19161, D-171, D-172, and H-181 from transmission to gathering. Dominion states that all the D-Lines are small in diameter, ranging from two inches to four inches; span short distances, from 33 feet to 1,250 feet; and operate at relatively low pressures of 60 psig to 100 psig. Dominion states that Line No. H-181 is 22 miles in length, with a diameter of 10 inches, gathers gas from 49 meters serving an estimated 200 wells and operates at a pressure of 60 psig. Further, Dominion states that all these lines are connected directly to its gathering system, not its transmission system.

Dominion states that it will not abandon any service in connection with reclassifying the facilities described herein. Reclassifying these facilities from transmission to gathering will result in no physical change in service to its existing customers. Dominion will continue to operate the facilities reclassified as gathering on an open-access basis in accordance with the rates, terms and conditions set forth in Dominion's FERC Gas Tariff. No producers will be affected by reclassifying the D-Lines from transmission to gathering. Reclassifying Line H-181, however, will result in shippers who bring gas into Dominion's system through a receipt point on Line H-181 being assessed Dominion's currently effective gathering charge. Dominion states that this will affect 49 meters owned by 34 producers with aggregate daily volumes of

approximately 2,548 Mcf.

Under section 1(b) of the NGA, the Commission's jurisdiction does not extend to facilities used for "the production or gathering of natural gas" or to gathering services. The Commission has developed, over the years, a number of legal tests to determine which facilities are non-jurisdictional gathering facilities. The Commission presently relies on the modified "primary function test," which includes consideration of several physical and geographical factors, including: (1) the length and diameter of the pipelines; (2) the extension of facilities beyond the central point-in-the-field; (3) the facilities' geographic configuration; (4) the location of compressors and processing plants; (5) the location of wells along all or part of the facilities; and (6) the operating pressures of pipelines. The Commission does not consider any one factor to be determinative and recognizes that all factors do not necessarily apply to all situations. In addition to the factors enumerated above, the Commission also weighs any and all other relevant facts and circumstances of a particular case, including non-physical criteria.

Applying the primary function test to the subject facilities, the Commission finds that their primary function is gathering. All of the D-lines that are the subject of this filing are small pipelines ranging from two to four inches in diameter, and are operated at relatively low pressures with maximum allowable operating pressures (MAOP) in the range of 60 to 100 psig. Further, all of these D-line facilities are directly connected to Dominion's gathering system, support the gathering of local production from various natural gas wells, and none flows gas directly into Dominion's transmission system. The D-lines at issue here are located throughout, and directly connect numerous wells to, Dominion's reticulated gathering system. Thus, their configuration is consistent with a gathering function.

Line H-181, as described above, is a 22-mile long, 10-inch diameter pipeline located in Ritchie County, West Virginia, in Dominion's Bubble No. 3219 production area. While Line H-181 is significantly larger than any of the subject D-lines, longer and larger-diameter lines have been found to be gathering. Further, Line H-181 is used to gather local production from five gathering lines tied directly to it and through 49 metering points along its length serving an estimated 200 wells. Thus, Line H-181 serves as the spine of a spine-like configuration of gathering facilities, which is also consistent with a gathering function.

Dominion's predecessor, CNG Transmission Corporation (CNG), also sought to have Line H-181 reclassified from transmission to gathering in 1999. However, at that time, Line H-181 an interconnection with Cranberry Pipeline Corporation (Cranberry), an intrastate pipeline, near Elm Run, in Ritchie County, West Virginia, creating the potential that Line H-181 would receive gas being transported by Cranberry under section 311 of the Natural Gas Policy Act subject to the Commission's jurisdiction. Therefore, it was not clear that Line H-181 would be used solely for transportation qualifying the NGA's gathering exemption, and the Commission declined to grant CNG's request for reclassification of Line H-181.

Due to a permanent change in the physical configuration of Dominion's pipeline system in late 2005 and a transfer of pipeline facilities feeding the Elm Run Interconnect, Cranberry is no longer physically capable of delivering gas to Dominion via the Elm Run Interconnect. With this change, the possibility that Line H-181 could be used to provide transportation service that does not qualify as gathering no longer exists, eliminating that basis for not reclassifying Line H-181 as a gathering facility.

The D-line facilities have no compression tied to them, and H-181 feeds into Dominion's Craig Compressor Station with an average suction pressure of 13 psig and an average discharge pressure of 290 psig. All of the subject facilities are upstream of Dominion's Hastings processing facility. The Commission has previously found these characteristics consistent with a gathering function.

The subject facilities all operate at low pressure, the majority of lines having an MAOP of 60 psi and the highest a MAOP of 100 psi. The Commission has stated that operating pressures of less than 300 psi are typical of gathering pipelines in the Appalachian region. Dominion states that the facilities at issue in this proceeding are physically and operationally separate and distinct from Dominion's transmission system. The fact that the facilities at issue here were classified as transmission by Dominion is not a bar to a pipeline's seeking to refunctionalize them as gathering; the historical classification of facilities does not necessarily dictate their actual function.

Based on the above considerations, the Commission finds that gathering is the primary function of all subject facilities, and Dominion's request to reclassify the subject facilities from transmission to gathering is approved.

The Commission finds that approval of Dominion's request to reclassify the subject facilities from transmission to gathering does not constitute a major federal action significantly affecting the quality of the human environment. Dominion is not proposing to abandon the facilities at this time. Dominion will continue to use the facilities to provide gathering services in connection with its jurisdictional transmission services. Therefore, for environmental review purposes, the Commission finds approval of the requested reclassification qualifies as a categorical exclusion under section 380.4 (a)(27).

Dominion is authorized to reclassify the ten subject pipeline segments described in its application and in the body of this order from transmission to gathering.

#### **ACTIVITIES:**

March 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

November 27, 2006 - The Commission issued an order determining the jurisdictional status of facilities thereby accepting this filing

**Docket CP06-87**  
**Dominion Transmission, Inc.**  
***Abandonment and Removal of Compressor Station***

**DATE FILED:** March 13, 2006

**BACKGROUND:**

On March 13, 2006, Dominion Transmission Inc. (DTI) filed an application under section 7(b) of the Natural Gas Act (NGA),<sup>2</sup> for authority to abandon one 440 horsepower (hp) compressor unit and appurtenant facility at its Rochester Mills Compressor Station located in Indiana County, Pennsylvania. As discussed below, the requested authorization is required by the public convenience and necessity and is granted herein.

DTI is an interstate gas transmission business unit of Dominion Resources, Inc., a fully-integrated natural gas and electric company. DTI is engaged primarily in the business of storing and transporting natural gas in interstate commerce for customers principally in New York, Ohio, Pennsylvania, West Virginia, Virginia, Maryland and the District of Columbia, as well as providing non-jurisdictional gathering and processing services for both its own production and that of third parties. DTI is an "open-access" pipeline operating under the Commission's regulations and a Commission-approved FERC Gas Tariff.

DTI proposes to abandon, by removal, one compressor unit having a horsepower rating of 440 hp and appurtenant facilities at its Rochester Mills Compressor Station located in Indiana County, Pennsylvania. The compressor unit was installed in 1960. DTI states that the station currently consists of four reciprocating 440 hp compressor units and was built to increase the pressure of gathered gas from approximately 60 psi to approximately 500 psi and deliver it into DTI's gas transmission system. Since the unit at issue needs a complete maintenance overhaul and since natural gas production has decreased over the past two years in the area, DTI seeks to abandon the unit. DTI notes that the abandonment would cost only \$80,000. DTI affirms that only three of the four compressor engines are needed in operation at any given time in order to compress the gas at this location.

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<sup>2</sup> 15 U.S.C. § 717(f) (b) (1998).

DTI does not propose any construction in connection with the proposed abandonment, nor does DTI propose the abandonment of the Rochester Mills Compressor Station itself.

Notice of DTI's petition was published in the *Federal Register* on March 24, 2006 (71 *Fed. Reg.* 14875), with comments, protests, and interventions due on or before April 6, 2006. Timely notices and motions to intervene were filed by Consolidated Edison Company of New York, Inc. and Philadelphia Gas Works. There were no protests in opposition to the proposal.

At a hearing held on the issue date noted above, there was received and made a part of the record in this proceeding all evidence, including the application and exhibits thereto, submitted in support of the authorization sought herein.

Environmental review of this proposal under section 380.4 confirms that this action qualifies as a categorical exclusion under section 380.4(a) (36).

Since the abandonment will contribute to more efficient operations and eliminate obsolete equipment, which requires costly maintenance and repairs, without impacting service to DTI's customers, the proposal is in the public interest.

This action is taken under 18 CFR § 375.308, and it is ordered that:

- (A) Permission for and approval of the abandonment by DTI of the compressor units, as described above and in the application, are granted.

- (B) DTI shall notify the Commission of the effective date of the abandonment authorized in paragraph (A) above within 10 days thereof.
- (C) This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order pursuant to 18 CFR ¶ 385.713.

**ACTIVITIES:**

March 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

April 12, 2006 - The Commission issued an order accepting this filing and approving the abandonment of the facilities.

**Docket RP06-293**  
**Dominion Transmission, Inc.**  
**Add, Refunctionalize and Remove Facilities**

**DATE FILED:** March 31, 2006

**BACKGROUND:**

On March 31, 2006, Dominion Transmission, Inc. (Dominion) filed the referenced tariff sheets to make certain modifications to its tariff. In summary, Dominion proposes to (1) add new facilities that it recently received Commission authorization to refunctionalize to gathering, (2) remove certain facilities previously abandoned, sold or never constructed, and (3) eliminate the "partial" reference to reflect all of H-21777 as a gathering facility. The referenced tariff sheets are accepted effective May 1, 2006, as proposed.

**ACTIVITIES:**

March 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

April 21, 2006 – The Commission issued an order accepting this filing

**Docket RP06-286**  
**Dominion Transmission, Inc.**  
**Revise Service Agreements**

**DATE FILED:** March 31, 2006

**BACKGROUND:**

On March 31, 2006, Dominion Transmission, Inc. (Dominion) submitted revised tariff sheets<sup>3</sup> to modify certain pro forma service agreements and make other conforming and ministerial changes to its tariff. The Commission accepts the proposed tariff sheets to become effective May 1, 2006, as requested and denies a request for clarification by an intervening party. Specifically, Dominion states that the proposed revised tariff sheets change the evergreen and the notice of termination provisions in its firm transportation and capacity release form of service agreements to allow the agreements to be used for agreements with a term of less than a year or agreements that are not subject to a right of first refusal. Dominion states that it is proposing to modify the term provisions to allow for a month-to-month evergreen provision and a prior termination notice of either a one-, two-, three-, or twelve-month period. Further, Dominion states that it is making ministerial changes to its form of service agreement applicable to the capacity release program as well as other relevant changes to the General Terms and Conditions (GT&C) of its tariff as it applies to the capacity release program. Dominion states that, currently, any bidder seeking capacity at terms that meet or exceed the minimum terms of the release must post its completed bid on its electronic bulletin board and its pro forma capacity release agreement refers to the bid agreement as a separate attachment. Dominion states that it proposes to eliminate the separate bid agreement attachment to Dominion's pro forma capacity release agreement and clarify that these electronic bids for released capacity on its electronic bulletin board will serve as executed bid agreements and if awarded, will serve as a binding contract. Dominion also states that it is proposing corresponding changes to section 23 of its GT&C (Capacity Release) and its pro forma capacity release agreement to implement these electronically submitted bid agreement procedures. Finally, Dominion states that it is proposing to add standard "Regulatory Approval" language to the current capacity release form of service agreement, to add a maximum contract quantity provision, which is missing from the Title Transfer Tracking

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<sup>3</sup> Fourth Revised Sheet No. 0, Second Revised Sheet No. 1149, Second Revised Sheet No. 1150, First Revised Sheet No. 1151, First Revised Sheet No. 2051, First Revised Sheet No. 2150, Second Revised Sheet No. 2151, First Revised Sheet No. 2152, Third Revised Sheet No. 2153, First Revised Sheet No. 2155, Sheet No. 2156 and Second Revised Sheet No. 2501 to FERC Gas Tariff, Third Revised Volume No. 1.

(TTT) form of service agreement, and to revise the job title of the contact individual listed on the cover sheet of its tariff.

Public notice of Dominion's filing was issued April 5, 2006, with interventions and protests 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 (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 Delivery Companies (KeySpan) filed a request for clarification which is discussed below. KeySpan states that it does not oppose any of the changes proposed by Dominion in its tariff filing. However, KeySpan asserts that, within the proposed "Form of Service Agreement Applicable to the Capacity Release Program," Dominion does not clearly state that, unless otherwise noted in the service agreement, a replacement shipper receiving firm capacity under a permanent release is subject to the same terms and conditions which governed the service received by the releasing shipper. KeySpan claims that unless Dominion and the replacement shipper agree, a replacement shipper receiving firm transportation (FT) service must be subject to the same FT service terms and conditions that governed the releasing shipper's FT service. Further, KeySpan claims that such a requirement is necessary to ensure that the form of service agreement applicable to the capacity release program does not create ambiguity as to contractual obligations. Therefore, KeySpan requests that the Commission require Dominion to clarify that, unless otherwise established in the form of service agreement, replacement shippers receiving firm capacity are subject to the same terms and conditions governing the service received by the releasing shipper.

The Commission finds that the proposed changes are reasonable. Further, the Commission finds that Dominion's current tariff already is sufficiently clear that a replacement shipper will be subject to the same terms and conditions governing the service received by the releasing shipper. Article IV ("Incorporation By Reference of Tariff Provisions") of Dominion's existing "Form of Service Agreement Applicable to the Capacity Release Program" provides as follows: To the extent not inconsistent with the terms and conditions of this Agreement, the following provisions of Pipeline's effective FERC Gas Tariff, and any revisions thereof that may be made effective hereafter are hereby made applicable to and a part hereof by reference:

1. All of the provisions of the Rate Schedule applicable to the Service Agreement under which Customer has received released capacity, or any effective superseding rate schedule or otherwise applicable rate schedule; and

2. All of the provisions of the General Terms and Conditions, as they may be revised or superseded from time to time.

Dominion does not propose to modify the currently effective pro forma service agreement language stated above. Therefore, the Commission accepts Dominion's proposed revised tariff sheets, effective May 1, 2006, as requested, without condition, and denies KeySpan's request for clarification.

**ACTIVITIES:**

March 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

April 26, 2006 – The Commission issued an order accepting this filing

**Docket RP06-306**

**Texas Eastern Transmission, LP**

**Marketing Balancing Aggregation Service Agreements**

**DATE FILED:** April 13, 2006

**BACKGROUND:**

On April 13, 2006, Texas Eastern Transmission, LP (Texas Eastern) filed the referenced tariff sheets to clarify and enhance certain aspects of its Market Balancing Aggregation Service as set forth in Rate Schedule MBA. In summary, the revised tariff sheets: (1) revise Rate Schedule MBA and the MBA Form of Service Agreement to reflect a customer's agreement to assume primary responsibility for resolving delivery point imbalances for multiple customers under a single MBA; (2) clarify that the MBA Party is responsible for submitting balancing nominations as agent for the customer; and (3) modify Exhibit A of the MBA Form of Service Agreement to include a month-to-month rollover provision so that the MBA will remain in effect after the expiration of a primary term of a contract, unless (i) the MBA Service Agreement is terminated pursuant to its terms or (ii) the parties execute a superseding Exhibit A. The referenced tariff sheets are accepted effective May 14, 2006, as proposed.

On April 13, 2006, Texas Eastern tendered for filing as part of its FERC Gas Tariff, Seventh Revised Volume No. 1, certain revised tariff sheets. Texas Eastern states that the purpose of its filing is to clarify and enhance certain aspects of its Marketing Balancing Aggregation Service as set forth in its Rate Schedule MBA.

**ACTIVITIES:**

April 20, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

May 3, 2006 – The Commission issued an order accepting this filing

**Docket CP06-115**  
**Texas Eastern Transmission, LP**  
**Time II Project – Incremental Fuel Rates**

**DATE FILED:** April 4, 2006

**BACKGROUND:**

On April 4, 2006, Texas Eastern filed an application for authorization to construct and operate the TIME II Project. As applicable to the Companies' concerns, (1) the TIME II Project involves transmission services between Texas Eastern's Zones M2 and M3, (2) Texas Eastern proposes an incremental fuel rate of 2.6%, and (3) the proposed incremental fuel rate is well below the system fuel rates for transmission between Zones M2 and M3, 5.59% during the winter and 4.44% during the rest of the year.

PGW notes at the outset of their limited protest that they have no objection to Texas Eastern's proposed construction and operation of the TIME II Project. As set forth above, the Companies' sole objection is to the proposed fuel rate, since it is lower than Texas Eastern's system fuel rate for comparable transmission services.

As reflected in Exhibit Z-1 of the application, Texas Eastern proposes to calculate an incremental fuel rate for the TIME II Project in the same manner that it calculates the incremental fuel rate for the TIME Project. Given the applicable facts, Texas Eastern's proposal would not lead to a just and reasonable result.

Texas Eastern's application, at 4, establishes that the facilities it proposes for the TIME II project include electric, not gas compressors. *See also*, Texas Eastern's Exhibit K, pages 6 and 7. Thus, the fuel use of the TIME II transmission services will result from the use of the same facilities, pipe and compression, used for the transmission of all gas between Zones M2 and M3. And, as computed by Texas Eastern, that fuel use will be less than the system average fuel use. This fact pattern precisely fits the exception to the Commission's preference for incremental rate treatment. When incremental rates would be less than system rates, the Commission requires the application of the system rates to avoid subsidization of the new project by pre-existing services. *Chandeleur Pipe Line Company*, 108 FERC ¶ 61,181 at P9 (2004).

The staff of the Federal Energy Regulatory Commission (FERC or Commission) will prepare an environmental assessment (EA) that will discuss the environmental impacts of the Texas Eastern Incremental Market Expansion (TIME) II Project involving

construction, replacement, and operation of facilities by Texas Eastern Transmission, LP (Texas Eastern) in Pickaway and Monroe Counties, Ohio and Somerset, Bedford, Franklin, Bucks, Fayette, and Adams Counties, Pennsylvania. The TIME II Project would provide additional natural gas pipeline capacity to the New Jersey market area, alleviating the constraints currently experienced as a result of increasing market demand. The TIME II Project would provide up to 150,000 dekatherms per day (dth/d) of transportation capacity.

**ACTIVITIES:**

April 27, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

May 26, 2006 - The Commission issued a Notice of Intent to prepare an environmental assessment.

July 31, 2006 - The Office of Energy Projects (OEP) staff will conduct a site visit on August 22, 2006 of Texas Eastern Transmission, LP's (Texas Eastern) proposed Incremental Market Expansion II Project in Bucks County, Pennsylvania.

October 27, 2006 - The Office of Energy Projects (OEP) staff will conduct a site visit on November 9, 2006 of Texas Eastern Transmission, LP's (Texas Eastern) proposed Incremental Market Expansion II Project in Adams County, Pennsylvania.

**Docket RP06-323**  
**Texas Eastern Transmission, LP**  
**Billing Procedures**

**DATE FILED:** April 26, 2006

**BACKGROUND:**

On April 26, 2006, Texas Eastern Transmission, LP (Texas Eastern) filed the referenced tariff sheets to revise section 10 of the General Terms and Conditions of its tariff to more accurately reflect Texas Eastern's billing procedures. Specifically, the tariff sheets clarify that a customer will not be required to choose between the electronic invoicing via the LINK® System or continuing to receive invoices by regular U.S. mail since each customer's monthly invoice is both delivered by U.S. mail and posted on the LINK® System. The referenced tariff sheets are accepted effective May 27, 2006, as proposed.

**ACTIVITIES:**

May 3, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

May 27, 2006 – The Commission issued an order accepting this filing

**Docket RP06-317**  
**Transcontinental gas Pipe Line, Corp.**  
**Temporary Waiver of Shipper Rights and Obligations**

**DATE FILED:** April 24, 2006

**BACKGROUND:**

On April 24, 2006, Transcontinental Gas Pipe Line Corporation (Transco) filed the referenced tariff sheets to add a new "Waiver" provision to the General Terms & Conditions (GT&C) of its tariff. The proposed waiver would allow Transco to waive its rights and shippers' obligations for a shipper default on a non-discriminatory basis. The Commission grants waiver of the notice period and accepts the tariff sheets effective May 24, 2006, without condition as discussed below.

Transco proposes to add a new Waiver provision as section 31 to the GT&C of its tariff. Specifically, Transco is proposing the following language:

Discretionary Waiver – Seller may waive any of its rights or any obligations of Buyer hereunder as to any specific default that has already occurred or in advance as to any specific, temporary problem, on a case-by-case basis that is not unduly discriminatory.

Non-Waiver – Notwithstanding the foregoing, no waiver by either Seller or Buyer of any one or more defaults by the other hereunder shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or of a different character.

Transco states that the new proposed Waiver section allows Transco to waive its rights and shippers' obligations under Transco's tariff on a not unduly discriminatory basis. Transco states that this language is similar to tariff waiver provisions that have been approved by the Commission for inclusion in other pipelines' tariffs. Further, Transco states that this revision will give Transco the flexibility to work with its shippers to resolve unique, temporary problems that may arise from time to time. Finally, Transco states that in accordance with section 358.5(c)(4) of the Commission's regulations, Transco will keep a log detailing the circumstances and manner in which it exercises discretion under section 31 and post such information on its ILine Internet Web site within 24 hours of exercising discretion.

The KeySpan Delivery Companies (KeySpan) filed a motion to intervene and a request for conditions. KeySpan states that, while it supports Transco's request for authority to issue limited waivers, KeySpan is concerned that the proposed language is too broad. KeySpan states that Transco should be required to add a sentence at the end of

proposed section 31 that states: "Seller will not grant such waivers in instances where such waivers would adversely affect other shippers or Seller's operations." KeySpan states that there is no question that tariff waivers by Transco could potentially affect other shippers. For example, it states, a decision by Transco to waive its gas quality provisions for particular shippers could have a significant adverse impact on downstream shippers who might receive non-conforming, non-merchantable gas as a result of such waiver. In the same manner, KeySpan continues, waiver of an operational flow order – which is issued to protect the system in the first place – could have serious consequences for other parties. KeySpan concludes that, just as the Commission has held that pipelines should not build interconnections that harm pipeline operations or existing customers, the Commission should hold that pipelines should not waive their tariff where such waivers would affect existing shippers or pipeline operations.

In *Discovery*, the Commission stated that the Commission will permit pipelines to include in their tariffs provisions not only permitting waiver of the tariff to address past defaults but also permitting advance waivers to address special specific, short term operational problems. Transco has proffered tariff language which follows the Commission's policy as formulated in *Discovery*. However, KeySpan is seeking further changes to assure that any waiver granted by Transco will not adversely affect existing shippers or pipeline operations. The Commission notes that in several sections of Transco's GT&C Transco already has specific language stating that it will not perform certain acts or functions if such performance of such acts or functions would adversely affect other parties or Transco's operations, including situations raised by KeySpan.

We find that it is unnecessary to require Transco to add KeySpan's proposed language. The general waiver authority granted herein cannot be interpreted to permit Transco to adversely affect other shippers or Transco's operations. Accordingly, we will accept Transco's proposed tariff revision without condition.

#### ACTIVITIES:

May 3, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

May 24, 2006 – The Commission issued an order accepting this filing

**Docket RP06-347**  
**Texas Eastern Transmission, LP**  
**Tariff Language Correction**

**DATE FILED:** May 4, 2006

**BACKGROUND:**

On May 4, 2006, Texas Eastern Transmission, LP (Texas Eastern) filed the referenced tariff sheet to correct typographical errors in Rate Schedule IT-1. The proposed tariff sheet revises section 3.3(B) of Rate Schedule IT-1 to reflect Texas Eastern's practice of assessing Usage-2 charges on delivered quantities in excess of 110% of the quantities scheduled on a transportation agreement, rather than 10% of such scheduled quantities as currently reflected on the effective tariff sheet. In addition, the tariff sheet removes spaces between words in sections 3.1, 3.2 and 3.2(A) of Rate Schedule IT-1. The referenced tariff sheet is accepted effective June 4, 2006, as proposed.

**ACTIVITIES:**

May 11, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

May 24, 2006 - The Commission issued an order accepting this filing

**Docket RP06-356**  
**Transcontinental gas Pipe Line, Corp.**  
**Form of Service Agreement**

**DATE FILED:** March 31, 2006

**BACKGROUND:**

On May 9, 2006, Transcontinental Gas Pipe Line Corporation (Transco) filed the referenced tariff sheets to revise its Form of Service Agreement under Rate Schedule FT. Specifically, the tariff sheets reflect alternative language in Article IV, Term of Agreement, that: (1) will allow the contract effective date to be determined by the later of the anticipated in-service date of a project or the date that all of the project facilities necessary to provide firm transportation service have been constructed and are ready for service; and (2) will allow the primary term of the agreement to be stated as a number of years from the effective date rather than as an exact date for the expiration of the primary term. In addition, Transco proposes to remove a contract (South Jersey Gas Company Agreement) from the tariff list of non-conforming agreements. The referenced tariff sheets are accepted effective June 9, 2006, without condition, as discussed below.

The AGLC Parties state that Transco's proposed language could be used to activate a service agreement and trigger demand charges before Transco is authorized to provide service on the facilities. While pointing out that a pipeline may not commence service until receiving approval from the Director of the Office of Energy Projects (OEP), the AGLC Parties nevertheless allege that a situation could arise in which Transco deems its facilities are "ready for service" before the Commission has authorized Transco to commence service. The ALGC Parties state that this could happen if, for example, the Commission was not satisfied with Transco's rehabilitation or completion of other mitigation measures. In such situation, the ALGC Parties aver that Transco could require the shipper to pay demand charges despite the fact that it has not been authorized to provide service. Accordingly, the ALGC Parties request that the Commission require Transco to modify its proposal to ensure that customers would not be obligated to pay demand charges prior to Transco receiving approval to provide a particular service and service has actually commenced.

Transco filed an answer stating that the ALGC Parties' concerns regarding the potential effect of the tariff language are unfounded, and that their requested modification to Transco's tariff filing is unnecessary. Transco states that the ALGC Parties miss the clear intent and effect of the tariff language and the legal/regulatory protections already available to shippers. Moreover, Transco states that the proposed tariff language has already been approved by the Commission in a prior proceeding in its Docket No. RP06-50-000. Transco states that having this alternative language in its form of service agreement in the tariff will avoid the need to submit filings to the Commission and update

Transco's tariff list of non-conforming service agreements each time Transco executes a service agreement under an expansion project that contains the deviating language.

Transco states that the ALGC Parties fail to understand that the alternative tariff language provides a safeguard for shippers. Instead, they apparently view the tariff language as a potential opportunity for Transco to unilaterally declare project facilities as being ready for service for purposes of billing while at the same time being precluded from actually providing service because the Commission has not yet authorized the commencement of service. Transco asserts that this concern that there could be two "ready for service" dates – one that Transco could determine for purposes of billing shippers and another that the Commission would authorize for commencement of service – is unfounded. Transco states that there can only be one "ready for service" determination for newly constructed facilities, which determination would apply for all purposes, including service commencement, billing and depreciation. Transco asserts that if the Commission has not yet authorized the commencement of service through newly certificated facilities, then the facilities simply cannot, and will not, be placed into service.

Transco asserts that the ALGC Parties correctly state in their comments that a pipeline may not commence service until receiving approval from the OEP, effectively answering their own concern. Transco states that pursuant to the Commission's standard condition in all certificates, Transco cannot place expansion project facilities into service and, hence, commence service through those facilities or collect reservation charges, until the Director of OEP issues authorization to do so. Transco states that it would be in violation of the Commission's orders, rules and regulations if it were to declare newly certificated facilities ready for service, for any purpose, without Commission authorization. Transco states that if the ALGC Parties seek express tariff protection against Transco violating the Commission's orders, rules and regulations, then that protection already exists in Transco's form of service agreement. Specifically, Transco points out that Article VI, section 3 of the form of service agreement states that the interpretation and performance of the agreement is subject to orders, rules and regulations of duly constituted authorities, which would include the Commission.

The Commission finds Transco's proposed language is reasonable for reasons expressed by Transco. The Commission declines to require Transco to modify the tariff as requested by the ALGC Parties. If the Commission has not yet authorized the commencement of service through newly-certificated facilities, then the facilities cannot be placed into service and Transco would have no authority to bill demand charges until such time as service is authorized to commence. Accordingly, we will accept Transco's proposed tariff revisions effective June 9, 2006, as requested, without condition.

#### **ACTIVITIES:**

March 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

June 7, 2006 – The Commission issued an order accepting this filing

**Docket RP06-362**

**Transcontinental Gas Pipe Line, Corp.**

**Delivery Point Entitlements (DPE) and Corporate Name Change**

**DATE FILED:** May 18, 2006

**BACKGROUND:**

On May 18, 2006, Transcontinental Gas Pipe Line Corporation (Transco) filed tariff sheets to: (1) revise the Delivery Point Entitlements (DPE) under Section 19 of the General Terms and Conditions of Transco's tariff and (2) reflect two corporate name changes. The tariff sheets are accepted effective June 18, 2006, as proposed.

The DPE changes reflect Eastern Shore Natural Gas Company's permanent release of 2,016 Dth/d to Chesapeake Utilities Corporation - Delaware Division and 973 Dth/d to Chesapeake Utilities Corporation - Maryland Division. The tariff sheets also reflect name changes from NUI Utilities, Inc. to Pivotal Utility Holdings, Inc. and North Atlantic Utilities to SLG, Inc.

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 herewith; 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.

**ACTIVITIES:**

March 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

June 9, 2006 – The Commission issued an order accepting this filing.

**Docket CP06-242**  
**Dominion Transmission, Inc.**  
**Oakford Storage Project**

**DATE FILED:** May 3, 2006

**BACKGROUND:**

On May 3, 2006, Dominion Transmission, Inc. (DTI) filed an application pursuant to section 7(c) of the Natural Gas Act (NGA) and Part 157 of the Commission's regulations, for authorization to drill a new storage injection/withdrawal (I/W) well within the existing limits of the Oakford Storage Complex (Oakford Complex) in Westmoreland County, Pennsylvania at a total estimated cost of approximately \$565,000. The requested authorization is required by the public convenience and necessity and is granted herein. The Oakford Storage Complex (Oakford Complex) is located in Westmoreland County, Pennsylvania. Construction and operation of the storage field was originally authorized in 1950. The Oakford Complex, which DTI jointly owns with Texas Eastern Transmission, LP (Texas Eastern), has been modified over time to serve the needs of DTI and its customers. The Oakford Storage Complex consists of a network of storage injection and withdrawal wells; observation wells; two storage reservoirs (Murrysville and Fifth Sand); recycling pipeline; delivery facilities; and three compressor stations – Oakford, South Oakford and Lincoln Heights. The new well (JW-296) will be located in the Fifth Sand Storage pool. In Docket No. CP05-398-000,<sup>4</sup> the Commission issued an order granting the abandonment of three significantly deteriorated storage wells (JW-14, JW-123 and JW-125) within the Oakford Complex. In that application, DTI stated that it planned to file for authorization to drill a replacement well(s) in the affected vicinity in order to maintain late season peaking performances at current levels.

DTI requests authorization to drill a new storage well, JW-296, in DTI's Fifth Sand Storage pool in the Oakford Complex in Westmoreland County, Pennsylvania. DTI proposes to locate the new storage approximately 720 feet southeast of JW-14, approximately 300 feet southwest of JW-123, and approximately 420 feet northeast of JW-125. DTI intends to drill the new well as a cased hole 7-inch completion, and stimulate the well in order to enhance its performance. The new well will be drilled to a depth of approximately 2,200 feet. DTI is not requesting an increase in the certificated total inventory or in the certificated maximum daily deliverability of the Oakford Complex. The new well JW-296 is anticipated to replace the deliverability of the three wells that were plugged and abandoned. However, in the event that JW-296 does not replace all of the deliverability of the three plugged wells, then DTI plans to submit subsequent filings to drill additional replacement well(s). DTI states that if the deliverability of the three wells is completely replaced by the new well as proposed, then

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<sup>4</sup> See, 113 FERC ¶62,135 (2005).

the amount of pipeline and surface facilities needed to be maintained will be significantly decreased. DTI also intends to install, under its blanket certificate authorization, a new storage pipeline, JP-305, in order to tie the well into the storage field. The pipeline will consist of approximately 150 feet of 6-inch diameter pipe with appurtenant facilities.

The new storage well should replace the deliverability of the three previously abandoned wells, allowing more effective operation since the certificated maximum delivery will not be altered. The previously abandoned wells were open hole completed wells that were not stimulated. The new well will be stimulated using current industry techniques and will be a cased hole completion. Stimulating the wells should increase their production and allow for better deliverability. The new well is to be drilled in a proper location. After analyzing the site location maps, the well is located in the proper location between the three previously abandoned wells. Furthermore, the new storage well is being drilled to a depth of 2,200 feet. After analyzing the geological surveys previously submitted, the depth of the well corresponds to the location of the storage reservoir. Although the new well may not replace the entire deliverability of the previously abandoned wells, that should not prevent DTI from moving forward on this project since DTI plans on drilling additional wells if the deliverability is not met.

An environmental assessment (EA) was prepared for DTI's proposal. The EA addresses geology, soils, water resources, fisheries, wetlands, vegetation, wildlife, threatened and endangered species, cultural resources, land use, air quality, noise and alternatives.

Based on the discussion in the EA, if constructed and replaced in accordance with DTI's application and supplements filed June 2 and 15, 2006, approval of this proposal would not constitute a major federal action significantly affecting the quality of the human environment.

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. DTI 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 DTI. DTI shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

At a hearing held on the date noted above, there was received and made a part of the record in this proceeding all evidence, including the application and exhibits thereto, submitted in support of the authorization sought herein.

On September 15, 1999, the Commission issued a Policy Statement to provide guidance as to how we will evaluate proposals for certificating new construction. It provides that a pipeline must financially support a project without relying on

subsidization from its existing customers. The Policy Statement established 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 new pipeline facilities, the Commission balances the public benefits against the potential adverse consequences.

In this instance, there will be no impact on DTI's current system rates, and the cost will have no impact on DTI's total annual revenues or operating expense since additional no service will be provided. Consistent with the Commission's Policy Statement regarding new projects, DTI proposes rolled-in rate treatment for this project. The Policy Statement provides that projects designed to improve service for existing customers, by improving reliability or flexibility, benefit customers. The Commission has found that permitting rolled-in rate treatment for such project costs is not a subsidy. The new storage well will replace the deliverability of the three abandoned wells (JW-14, JW-123 and JW-125), provide greater operating flexibility, and overall allow for the continued and effective operation of the Oakford Complex. Because the proposed project will improve reliability and operating flexibility, there is no financial subsidy. Therefore, the related project costs should be rolled-in into its rates at the time of its next generation rate proceeding.

The next step under the Policy Statement is a determination of whether the project's benefits outweigh potential adverse effects. This project has no adverse impacts. There will be no effect on landowners and communities as well since JW-296 is located within the boundaries of the existing field. There is no impact on existing rates for transportation service, and the future rate impact on storage rates will be de minimus given the low costs of the proposed well drilling. Last, there will be no adverse effect on any other existing pipeline company (and their captive customers) because no new capacity or markets will be created. The project does not include any new service and affects only DTI's system.

The project will not change DTI's operations of the Oakford Complex in that DTI will continue to receive gas from the same sources and deliver it to the same interconnecting pipelines. There is no effect on DTI's peak and annual delivery obligations, and this project poses no detrimental or degradation to DTI's firm service to any customer.

Overall the drilling of an initial replacement I/W Fifth Sand well will allow DTI to continue to operate the Oakford Complex effectively and efficiently. Therefore, the drilling of the new JW-296 storage well is required by the public convenience and necessity.

#### ACTIVITIES:

May 25, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

August 23, 2006 – The Commission issued a certificate order accepting this filing. A certificate of public convenience and necessity is issued authorizing DTI to construct and operate certain facilities,

**Docket CP06-275**  
**Equitrans, LP**  
**Big Sandy Pipeline Project**

**DATE FILED:** May 10, 2006

**BACKGROUND:**

On May 10, 2006, Equitrans, L.P. ("Equitrans") filed an application pursuant to section 7(c) of the Natural Gas Act of the Commission's regulations, as amended, for a certificate of public convenience and necessity authorizing the construction and operation of interstate natural gas pipeline facilities necessary to provide up to 130,000 dekatherms per day (Dth/d) of firm transportation service (the Big Sandy Pipeline Project).

Equitrans is a limited partnership composed of three corporations: ET Blue Grass Company, the general partner holding a one percent interest, and Equitable Resources, Inc. and Equitable Gathering, Inc. (Equitable Gathering), limited partners holding 85 percent and 14 percent interests, respectively. Equitrans is a natural gas company under section 2(6) of the NGA, engaged in storing and transporting natural gas in interstate commerce subject to the jurisdiction of the Commission. Equitrans transports gas on an open-access basis under the Commission's regulations. Currently, Equitrans has jurisdictional pipeline facilities in western Pennsylvania and north-central West Virginia.

Equitrans proposes to construct and operate: (1) a 67.61-mile long, 20-inch diameter pipeline extending from the proposed Big Sandy compressor station near Langley, in Floyd County, Kentucky north through Floyd, Johnson, and Lawrence Counties to a connection with Tennessee Gas Pipeline Company's (Tennessee) Broad Run lateral in Carter County; (2) the Big Sandy compressor station, consisting of three 3,000 horsepower electrically-driven compressor units at the outlet of the existing Kentucky Hydrocarbon compressor plant; (3) a meter station and pig launcher at the Big Sandy compressor station; and (4) a meter station and pig receiver at the terminus of the Big Sandy pipeline. The proposed pipeline will have a capacity of 130,000 Dth per day and a maximum allowable operating pressure of 1,200 psi. The Big Sandy project is operationally distinct and geographically separate from Equitrans' existing system in Pennsylvania and West Virginia.

Equitrans states that it conducted two open seasons for the capacity created by the Big Sandy project – the first open season extended from January 11 through February 17, 2006 and the second open season extended from March 7 through March 21, 2006. As a result of the two open seasons, Equitrans states that it received “expressions of interest” for 164,923 Dth per day of firm capacity and has signed precedent agreements for 68,893 Dth per day of firm capacity. Equitrans explains that it expects the Big Sandy project’s capacity to be fully subscribed under firm transportation agreements. On October 18, 2006, Equitrans filed supplemented information indicating that it has executed precedent agreements for 99,893 Dth per day of capacity. Equitrans did not file the precedent agreements with the Commission.

Equitrans estimates that the total cost for the construction of the Big Sandy project will be \$150,371,210. Equitrans proposes incremental firm and interruptible recourse rates under its existing Rate Schedules FTS and ITS for transportation service on the Big Sandy project. While Equitrans proposes initial incremental recourse rates, Equitrans states that it intends to enter into negotiated rate agreements for firm service on the Big Sandy project and that it will file the negotiated service agreements with the Commission in accordance with its tariff and the Negotiated Rate Policy Statement.

Equitrans contends that there is only one jurisdictional transmission pipeline in the eastern Kentucky production basin – Line KA-20 operated by Columbia – and that there have been significant curtailments in the region because of this single pipeline outlet. Equitrans contends that the proposed Big Sandy project will provide a new source of transportation capacity that will reduce capacity constraints in eastern Kentucky. In addition, Equitrans asserts that the Big Sandy project will increase the reliability of the interstate pipeline grid by introducing over 47 Bcf of gas into the interstate market.

Since the proposed facilities will be used to transport natural gas in interstate commerce subject to the jurisdiction of the Commission, the construction and operation of the facilities are subject to the requirements of subsections (c) and (e) of section 7 of the NGA.

The Certificate Policy Statement provides guidance as to how we will evaluate proposals for certificating new construction. The Certificate Policy Statement established criteria for determining whether there is a need for a proposed project and whether the proposed project will serve the public interest. The Certificate Policy Statement explained that in deciding whether to authorize the construction of major new pipeline facilities, we balance the public benefits against the potential adverse consequences. Our 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 this 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 its existing customers. 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, existing pipelines in the market and their 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, we 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 we proceed to complete the environmental analysis where other interests are considered.

As noted above, the threshold requirement is that the pipeline must be prepared to financially support the project without relying on subsidization from its existing customers. Here, none of the costs of the proposed Big Sandy project are included in the rates of Equitrans' existing customers using facilities in Pennsylvania and West Virginia. Rather, Equitrans proposes to charge incremental rates to recover the costs of the Big Sandy project. We have previously determined that where a pipeline proposes to charge an incremental rate for new construction, it satisfies the threshold requirement that the project will not be subsidized by existing shippers. Thus, there is no subsidization here.

Equitrans' existing system consists of facilities in north central West Virginia and western Pennsylvania. The proposed Big Sandy project is in eastern Kentucky and operationally distinct and geographically separate from Equitrans' existing system. We find that the proposed Big Sandy project will not result in the degradation of service to any of Equitrans' existing customers.

The existing pipelines in eastern Kentucky are fully subscribed. These pipelines and their customers will not be adversely affected by the introduction of new transportation capacity. In addition, the proposed Big Sandy project will be capable of transporting trapped gas out of eastern Kentucky. Thus, we find that there will not be any adverse effects on existing pipelines or their customers.

The right of way for Equitrans' proposed pipeline will cross 476 parcels of land and 1,093.65 acres. In its September 22, 2006 response to a data request, Equitrans states that it has obtained easements for 338 parcels and 793.75 acres and it expects to obtain easements for another 107 parcels and 211.31 acres. Equitrans contends that it will be required to condemn 31 parcels and 88.59 acres. Equitrans asserts that the number of parcels that it expects to condemn has been declining as a result of continuing negotiations with landowners.

The Kentucky Attorney General contends that Equitrans has filed a condemnation proceeding in the United States District Court for the Eastern District of Kentucky against 53 tracks of land in Carter, Lawrence, and Johnson Counties and is notifying an unknown number of landowners in Floyd County that it will file condemnation proceedings against

them if they do not sign over rights of way. The Kentucky Attorney General states that Equitrans is relying on a Kentucky statute which, the Kentucky Attorney General contends, confers eminent domain rights to pipeline companies subject to the jurisdiction of the Kentucky Public Service Commission, because the Commission has not issued a certificate for the project making federal eminent domain rights applicable. The Kentucky Attorney General asserts that Equitrans' actions against the landowners are unconscionable at this point before the Commission has issued a certificate.

In addition, the Kentucky Attorney General asserts that Equitrans should be required to explain the discrepancy between the 31 parcels that Equitrans claims that it needs to condemn in its September 22 response to a data request and the 53 parcels for which it seeks condemnation in Federal Court, as well as the unknown number of additional parcels in Floyd County. The Kentucky Attorney General also contends that the Commission should require Equitrans, before condemning property, to submit precedent agreements to demonstrate that the Big Sandy project will be fully used as claimed by Equitrans. Finally, the Kentucky Attorney General claims that any evaluation of the Big Sandy project must be made in light of the Straight Creek project, which it asserts will provide the facilities necessary to remedy current pipeline constraints in eastern Kentucky with little need of right-of-way acquisition by condemnation. For these reasons, the Kentucky Attorney General requests that the Commission defer final action on Equitrans' application until the benefits of the project outweigh the adverse consequences.

Here, the Kentucky Attorney General complains that Equitrans is using a state statute to condemn land prior to the issuance of a certificate under the NGA. Under section 7(h) of the NGA, the issuance of a certificate by the Commission confers on the certificate holder the right to obtain property through the power of eminent domain if the certificate holder cannot reach agreement with the property owner. Our issuance of a certificate in this order conveys NGA eminent domain rights to Equitrans to acquire the land necessary to construct and operate its proposed facilities. We emphasize that prior to the issuance of this certificate, Equitrans had no rights under the NGA to initiate condemnation proceedings. We take no position on whether or not Equitrans' reliance on the Kentucky state statute to commence eminent domain proceedings prior to certification under the NGA is proper under state law.

In response to the Kentucky Attorney General's request, Equitrans explains that the discrepancy between the number of tracts of land for which it has commenced condemnation proceedings and the number reported in a data response is due to the *passage of time and the changing status of negotiations with landowners*. Equitrans states that on September 1, 2006, when Equitrans commenced condemnation proceedings, there were 53 tracts of land proposed to be condemned and by September 22, 2006, that number had declined to the 31 which was reported in the Staff data response. Equitrans also states that as of the date of its October 18 answer, it has secured ownership or easements for 318 tracts out of the total of 364 tracts required for the project, or approximately 87 percent of the tracts required for the project. We find nothing unusual about the fact the number of expected condemnations has changed due to ongoing

negotiations, but we encourage Equitrans to continue to negotiate with affected landowners in order to limit the need to obtain rights of way by eminent domain.

Under the Certificate Policy Statement, an applicant may rely on a variety of factors to demonstrate that the public benefits of its proposed project outweigh any residual adverse effects. We will consider all evidence submitted by the applicant reflecting on the need for the project, including, but not limited to, precedent agreements. If an applicant has entered into precedent agreements for some portion of the capacity, those agreements constitute significant evidence of demand for the proposed project. We recognize, however, that precedent agreements, by themselves, may not provide sufficient assurance that a project will be constructed. For this reason, we require an applicant to execute firm transportation service agreements with its shippers for the level of service and the terms of service represented in the precedent agreements prior to commencing construction, rather than before starting the process of eminent domain. Because Equitrans states that it has signed precedent agreements for 99,893 Dth per day, we will require it execute firm transportation agreements for that level of service prior to commencing construction of the Big Sandy project. This should adequately address the Kentucky Attorney General's concern regarding whether Equitrans has firm commitments for its proposed project.

We also do not agree with the Kentucky Attorney General's claim that the existence of the Straight Creek project bars our issuance of a certificate for the Big Sandy project. The Commission determined that Straight Creek will be a non-jurisdictional gathering company as constructed and operated by Straight Creek. The Commission policy is to allow the market to determine which projects are best suited to serve the infrastructure needs of an area. Based upon the above discussion, we find no merit in the Kentucky Attorney General's request to defer our issuance of a certificate here based on the impact of condemnation, lack of filed precedent agreements, or in light of the Straight Creek project.

As to Big Branch's concerns, pipelines are required to pay compensation to landowners for easements across the landowner's property. Compensation for the granting of a pipeline easement is determined as the result of negotiations between the pipeline company and the landowner. These negotiations could potentially include compensation for damage to the property or for any perceived loss of property value. If an easement cannot be negotiated with the landowner, the company may exercise in court the right of eminent domain. In an eminent domain proceeding, the court will require the pipeline to compensate the landowner for the right of way, as well as for any damages incurred during construction. The level of compensation would be determined by the court according to state laws that set forth the procedures for the use of eminent domain once we issue a certificate. Thus, we believe that Big Branch's concerns should be alleviated.

For these reasons, while the Commission acknowledges that it may be necessary for Equitrans to acquire some portion of required rights of way through the exercise of

eminent domain, we find that on balance, any adverse impacts on landowners and communities near the pipeline route will be minimal.

North East states that it owns and operates a natural gas gathering pipeline, known as the NEGC pipeline, in Floyd, Johnson, Lawrence, and Carter Counties, Kentucky. North East asserts that the Big Sandy pipeline will encroach on the right of way of the NEGC pipeline at four locations and that the encroachment raises operational and safety concerns. In addition, North East states that it has agreed to contribute portions of its pipeline right of way to Straight Creek to facilitate the construction of the Straight Creek gathering system. North East contends that Equitrans' encroachment on NEGC's right of way could impede the construction and operation of the Straight Creek gathering system. Thus, North East requests that the Commission deny Equitrans' application.

Equitrans asserts that its personnel will work cooperatively with North East to assure that the pipeline crossings can be accomplished in a safe and environmentally acceptable manner and that it is in the process of securing the necessary rights of way from the applicable property owners. Equitrans requests that the Commission deny North East's protest.

The fact that a pipeline may share geographic proximity with, or cross, another pipeline is not grounds to refuse to authorize pipeline construction. Further, pipelines can be constructed in close proximity in an environmentally safe manner. We frequently authorize pipelines to be constructed close to each other or in the same right of way. North East does not allege any specific safety issues here and, in the environmental assessment (EA), we have found none. Thus, we will deny North East's request.

We conclude that any potential adverse effects of the Big Sandy project are outweighed by the substantial benefits of the project. Equitrans' proposals will provide much needed transportation infrastructure in eastern Kentucky which will help move gas out of the region into the interstate pipeline network. We also conclude that there is substantial market demand for the project as demonstrated by the fact that Equitrans has signed precedent agreements for 99,893 Dth per day of capacity, or approximately 76 percent of the proposed capacity of the project. In addition, Equitrans' existing customers will not subsidize the Big Sandy project. There will be no degradation of service to Equitrans' existing customers or any adverse effects on existing pipelines or their customers. Finally, adverse impacts on landowners and neighboring communities will be minimal. For these reasons, we find, consistent with the Certificate Policy Statement and section 7(c) of the NGA, that the public convenience and necessity requires approval of Equitrans' proposals.

As discussed above, Equitrans proposes to charge incremental recourse rates under its existing Rate Schedules FTS and ITS for the expansion facilities based on the cost of service for the Big Sandy project. The proposed FTS maximum reservation rate of \$19.7603 per Dth is based on a proposed annual cost of service of \$30,826.054 and design determinants of 130,000 Dth per day based on the design capacity of the project. In developing the cost of service, Equitrans has used an overall after-tax rate of return of

11.40 percent and a depreciation rate of 2.5 percent. The proposed ITS maximum rate of \$0.64965 per Dth is the 100 percent load factor equivalent of the FTS rate.

*Equitrans proposes a retainage factor of one percent for all transportation on the Big Sandy project for lost and unaccounted-for gas. In addition, Equitrans states that its proposed tariff sheets establish an electric power cost tracker provision for the recovery of electric power costs at the Big Sandy compressor station. Equitrans proposes an initial rate of \$0.04 per Dth.*

Consistent with Commission policy on incremental rates, Equitrans states it will maintain a separate record of costs of the Big Sandy project on its books and accounts.

The Commission has reviewed the proposed cost of service and proposed initial rates and generally finds them reasonable, subject to the conditions discussed below. We also approve Equitrans' proposal to implement an electric power cost tracker for this project.

Equitrans proposes a capital structure of 37 percent debt and 63 percent equity, an incremental return on equity of 14.25 percent, a cost of debt of 6.55 percent, and an overall after-tax rate of return of 11.40 percent. Equitrans, however, did not provide any support for its proposed cost of capital factors. The Commission policy requires that rates for incremental expansion projects in an NGA section 7(c) proceeding be designed on the pipeline's approved capital structure and rate of return. For Equitrans, the Commission recently approved a general rate case settlement that established new system rates. Article 1.3 of the settlement provides that "the settled cost of service level is based upon a pretax return of fifteen percent (15%) and Equitrans' as-filed capital structure in RP05-164-000." Thus, we will require Equitrans to revise its proposed recourse rates for the Big Sandy project using its Commission approved pre-tax rate of return of fifteen percent and a capital structure consisting of 37.35 percent debt and 62.65 percent equity.

Operation and Maintenance Expenses (O&M): Equitrans includes charges of \$545,000 for the material and installation cost of the pig launcher and receiver and \$140,000 for the cost of pigging the line. Both these costs are necessary to place the pipeline in operation. Equitrans also states that it will conduct smart pigging every 10 years and that it will amortize one-tenth of this cost (\$17,500) over this period to its O&M expenses. Equitrans correctly capitalizes the costs of smart pigging to bring the pipeline to operation. However, Equitrans indicates that pipeline integrity costs will occur in the tenth year of operation. Its proposal to pre-collect those costs on the basis of a 10-year amortization is inconsistent with our accounting rules, which require that costs incurred to inspect, test and report on the condition of plant to determine the need for repairs or replacements are to be charged to maintenance expense in the period the costs are incurred. Further, section 38 of the General Terms and Conditions of Equitrans' tariff provide for a pipeline safety cost tracker (PSCT) mechanism for the separate recovery of costs incurred by Equitrans under the Pipeline Safety Improvement Act of 2002 and our accounting rules. The PSCT mechanism provides for the collection of pipeline safety costs, which may include smart pigging related to pipeline safety. This eliminates the

need to recover safety related smart pigging expenses in base rates. For these reasons, we will require Equitrans to remove the \$17,500 annual charge for smart pigging from its O&M expenses.

We will require Equitrans to file actual tariff sheets reflecting the revisions to its rates as directed by this order not less than 30 days, nor more than 60 days, before service begins. In addition because we are approving incremental rates for the project, Equitrans is required to maintain its accounts for these facilities in accordance with section 154.309 of the Commission's regulations, which applies to incremental expansions.

Equitrans does not propose to allocate costs to interruptible service. The Commission's policy requires a 100 percent credit of the interruptible revenues, net of variable costs, to firm and interruptible customers or an allocation of costs and volumes to the services for new pipelines or major expansions. If Equitrans chooses to allocate costs to interruptible service, it must allocate an appropriate level of the estimated cost of service to its interruptible service, recalculate its rates, and file documentation demonstrating the recalculation. In the alternative, Equitrans must revise its tariff to provide for a mechanism to credit one hundred percent of the ITS revenues, net of variable costs, to its firm and interruptible cost-based recourse rate shippers. Equitrans must reflect its choice and the appropriate tariff revisions when it files to place its rates and tariff into effect.

Because the proposed Big Sandy project will represent a significant portion of Equitrans' total system cost of service and rate base, we will require Equitrans to file a cost and revenue study at the end of its first three years of operation to justify its cost-based firm and interruptible transportation rates. In its filing, the projected units of service should be no lower than those upon which Equitrans' approved initial rates are based. The filing must include a cost and revenue study in the form specified in section 154.313 of the regulations to update cost of service data. After reviewing the data, we will determine whether to exercise our authority under section 5 of the NGA to establish just and reasonable rates. In the alternative, in lieu of that future filing, Equitrans may make an NGA section 4 filing to propose alternative rates.

Equitrans used the Commission's National Environmental Policy Act of 1969 (NEPA) Pre-Filing Process for its project. The purpose of using the Pre-Filing Process is to involve interested stakeholders early in the project planning and to identify and resolve issues prior to filing the certificate application. Use of this process allowed more than four months of stakeholder input prior to Equitrans filing its application on May 10, 2006.

On February 3, 2006, the Commission issued its Notice of Intent to Prepare an Environmental Assessment for the Proposed Big Sandy Pipeline Project, Request for Comments on Environmental Issues, and Notice of Site Visit (NOI). In addition, Commission staff held a public

On September 29, 2006, the Commission issued the EA for Equitrans' proposed project, with comments due on October 30, 2006. The EA addressed geology and soils, water resources, wetlands, vegetation and wildlife, threatened and endangered species,

land use, cultural resources, socioeconomics, environmental justice, air quality and noise, safety and reliability, polychlorinated biphenyls, and alternatives. The EA also addressed all substantive comments received in response to the NOI and the comments related to the environmental aspect of the proposed project filed in Docket No. CP06-275-000.

USFWS filed on October 27, 2006, that this report satisfies the recommendation concerning the federally-listed bat species in the EA. Therefore, it is not included as a condition of this order.

Based on the discussion in the EA, we conclude that if constructed in accordance with Equitrans' application and supplements and the conditions imposed herein, approval of this proposal would not constitute a major federal action significantly affecting the quality of the human environment.

The Commission orders:

(A) A certificate of public convenience and necessity is issued authorizing Equitrans to construct and operate the Big Sandy project, as described more fully in the order and in the application.

(B) The certificate issued herein is conditioned on Equitrans' compliance with all of the applicable regulations under the Natural Gas Act, particularly the general terms and conditions set forth in Parts 154, 157, and 284, and paragraphs (a), (c), (e), and (f) of section 157.20.

(C) Equitrans shall execute firm service agreements equal to the level of service represented in its precedent agreements prior to commencing construction.

(D) Equitrans' incremental recourse rates, as modified by this order, are approved as initial section 7 rates.

(E) Equitrans must file actual tariff sheets in accordance with section 154.207 of the Commission's regulations not less than 30 days and not more than 60 days prior to commencing service, consistent with the discussion in this order.

(F) Equitrans must file a cost and revenue study at the end of its first three years of operation to justify its cost-based firm and interruptible transportation rates.

(G) The certificate issued herein is conditioned on Equitrans' compliance with the environmental conditions set forth in Appendix B to this order.

(H) Equitrans shall notify the Commission's environmental staff by telephone, e-mail, and/or facsimile of any environmental noncompliance identified by other federal, state, or local agencies on the same day that such agency notifies Equitrans. Equitrans shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

(I) Equitrans' facilities shall be constructed and made available for service within one year of the date of the order in this proceeding.

(J) Chesapeake's and Interstate's untimely motions to intervene are granted.

(K) The Kentucky Attorney General's motion to defer action is denied.

**ACTIVITIES:**

March 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

November 15, 2006 - The Commission issued a certificate order and accepted this filing

**Docket RP06-379**  
**Texas Eastern Transmission, LP**  
**Rate Schedule Conversion from CTS to Part 284 FT-1**

**DATE FILED:** June 2, 2006

**BACKGROUND:**

On June 2, 2006, Texas Eastern Transmission, LP (Texas Eastern) filed, pursuant to section 157.217 of the Commission's regulations, a Rate Schedule FT-1 service agreement with Columbia Gas Transmission Corporation (Columbia) reflecting Columbia's conversion of firm transportation service under Rate Schedule CTS to Part 284 firm transportation service under Rate Schedule FT-1. Texas Eastern requests that the agreement be accepted for filing as a non-conforming agreement under section 154.112(b) of the Commission's regulations because the agreement retains restrictions on service at several receipt and delivery points previously authorized by the Commission in CP84-429, *et al.* and GT95-10-000. Texas Eastern also filed a tariff sheet to add the agreement to its list of non-conforming agreements. The referenced tariff sheet and FT-1 service agreement are accepted for filing effective July 1, 2006, as requested.

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.

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

On June 2, 2006, Texas Eastern submitted for Commission review a proposed Rate Schedule FT-1 service agreement between Texas Eastern and Columbia Gas Transmission Corporation with certain non-conforming terms.

**ACTIVITIES:**

June 12, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

June 27, 2006 – The Commission issued an order accepting this filing

**Docket AC06-153**

**Transcontinental Gas Pipe Line, Corp.**

**Restatement of Financial Statements – Gas Inventory Methodology**

**DATE FILED:** April 11, 2006

**BACKGROUND:**

On April 11, 2006, Transco notified the commission, by letter, of its intent to restate financial statements for 2004. Transco states that the restatement is to correct an error related to methodology used to calculate the average cost of its natural gas inventory. Transco states that it intends to file its revised 2004, Form 2, containing restated financial statements for the years 2003 and 2004. Transco further states that it also intends to record the adjustment applicable to periods prior to 2003 in Account 439, Adjustments to Retain Earnings.

This letter is a follow-up to the June 29, 2006 meeting with the Federal Energy Regulatory Commission (Commission) Staff regarding Transcontinental Gas Pipe Line Corporation's (Transco) methodology for calculating the average cost of natural gas inventory. As discussed at that meeting, and summarized below, revisions to Transco's methodology for calculating its weighted average and LIFO cost of natural gas

inventories and valuation of gas imbalances affected the cash-out gains and losses reported in Transco's annual cash-out filings in Docket No. CP88-391 for the annual periods ending July 2001 through July 2005. Per Staff's request this letter briefly summarizes the issues discussed at the June 29th meeting and provides Transco's opinion as to the appropriate method of accounting for Transco's cash-out inventory. Transco also describes its proposal to address the effect of the changes to the inventory calculation on Transco's annual cash-out filings made for the annual periods ending July 2001 through July 2005.

**Overview of Transco's cash-out program** – In 1991, Transco started its cash-out program which resolves shippers' monthly transportation imbalances in cash. Specifically, Transco either purchases gas from or sells gas to individual shippers to settle the shipper's monthly imbalances. Transco's cash-out program was initially approved in Docket No. CP88-391 (55 FERC ¶ 61,446 (1991)). Section 37 of the General Terms and Conditions (GT&C) of Transco's tariff contains the currently effective provisions governing the operation of the cash-out program, including the pricing terms applicable to cash-out purchases and sales. At the end of each annual cash-out period (August through July), Transco compares the revenues received with the costs incurred under the cash-out program. Pursuant to Section 15 of the GT&C of Transco's tariff, if revenues exceed costs (gain), Transco refunds the excess to shippers. If revenues are less than costs (loss), the net under-recovery is carried forward to the next annual cash-out period. This comparison of revenues and costs incurred under the program, including details of a refund if applicable, is filed annually with the Commission in Docket No. CP88-391.

**Inventory accounting & calculation of WACOG prior to June 2000** - The various components of Transco's system inventory are comprised of Transportation & Exchange imbalances, storage flex imbalances, Park & Loan imbalances, storage inventory at various locations, and line pack. (The imbalances are not actual inventory accounts, but are assets or liabilities representing the value of gas due from or to Transco's shippers.) From the inception of the cash-out program until June 2000, Transco calculated a Weighted Average Cost of Gas (WACOG) each month as the weighted average cost of the system inventory components that realized a net decrease in volume for the month plus the cost of purchasing excess cash-out gas supplies for the cash-out program, if applicable. These volumes represent the gas used during the month to supply system inventory components that realized a net increase in volume for the month and to supply deficient cash-out supplies, if applicable. Transco's use of the inventory method of accounting for gains and losses in its cash-out program was reviewed by the Commission and deemed to be appropriate (e.g. 75 FERC ¶ 61,028 (1996); 83 FERC ¶ 61,347 (1998)).

Until June 2000, the monthly WACOG calculation did not yield any anomalous results. However, for the month of June 2000, the calculation resulted in a WACOG of negative \$24.02 per Dt (compared to \$2.20 per Dt in May 2000.)

**June 2000 Change in inventory accounting** - Due to the illogical WACOG calculated for June 2000, Transco made an immediate change to the WACOG calculation ("June

2000 Methodology”). Per the June 2000 Methodology, Transco isolated the cash-out inventory from the rest of its system inventory, thereby creating a separate inventory cost pool for gas purchased and sold under the cash-out program. Using the June 2000 Methodology, if shippers were in a net long position at the end of the month, excess supplies were added to the cash-out inventory pool at the weighted average buy price of cash-out purchases in that month. Conversely, if shippers were in a net short position at the end of the month, the deficient supplies were provided from the cash-out inventory pool at the weighted average value of gas in the cash-out inventory pool.

The advantages of the June 2000 Methodology were as follows:

- Provided a better matching of cash-out revenues and cash-out costs
- Prevented price anomalies in the WACOG calculation by isolating the cash-out inventory pool from the rest of the system inventory pools, and,
- Eliminated the impact of the cost of cash-out purchases from shippers in the calculation of the monthly WACOG.

When adopted, the June 2000 Methodology was believed to be in accordance with Generally Accepted Accounting Principles (GAAP). Transco also determined that the June 2000 Methodology complied with applicable regulatory requirements because (1) Transco’s tariff does not specify a methodology to be used in calculating the monthly WACOG and (2) the methodology is still an inventory method of accounting, which was consistent with the Commission’s previous approval in connection with Transco’s cash-out program.

**December 2005 Revision to inventory accounting** – During the 2005 audit, Transco’s independent auditors reviewed Transco’s accounting for gas inventory. Following discussions between Transco management and the independent auditors, it was determined that a separate inventory pool for the cash-out program was not in compliance with GAAP, absent a regulatory basis under Statement of Financial Accounting Standards No. 71 to create a separate inventory pool. As a general matter, GAAP states that materials (inventory) that are purchased at different times and at different prices, and that are identical and interchangeable, should normally be maintained in one inventory pool (Accounting Research Bulletin (ARB) 43). As a result, it was determined that the cash-out inventory pool should be merged with the rest of the system inventory pool, and the WACOG should be recalculated back to June 2000. Accordingly, Transco recalculated the WACOG each month from June 2000 through November 2005 and restated its financial statements for these prior periods. Beginning December 2005, Transco resumed use of the WACOG accounting methodology in place prior to June 2000 (“December 2005 Revision”)

**June 29, 2006 Meeting** – Transco presented the above information to Commission Staff on June 29, 2006. Following Transco’s presentation, Commission Staff asked Transco to

submit, in writing, its proposal for addressing the effect of the December 2005 Revision on Transco's annual cash-out filings for the annual periods July 2001 through July 2005.

While Transco believes there were advantages to the June 2000 Methodology, the cash-out inventory pool does not reside in a single physical location. Thus, after much consideration, it has been determined that this methodology is not in conformity with GAAP. In addition, Transco's independent auditors are not able to apply Generally Accepted Auditing Standards to an audit of a separate cash-out inventory pool. Therefore, Transco has determined that the current inventory accounting methodology as reinstated in December 2005 (one inventory pool) is appropriate.

**Impact to prior cash-out reporting** – Pursuant to Section 15 of the GT&C of Transco's tariff, Transco files annual cash-out reports with the Commission in Docket No. CP88-391. The recalculation of Transco's WACOG each month from June 2000 through November 2005 affects the annual cash-out reports filed during that period. According to Schedule 1, which is attached hereto, the December 2005 Revision results in an approximate \$0.6 million under-recovery for the cash-out period August 2000 through July 2001, which would have been carried forward to the next annual cash-out reporting period, rather than the reported approximate \$2.3 million over-recovery reported for that period and refunded to customers. In addition, the December 2005 Revision results in an additional refund amount of approximately \$10.0 million for the cash-out period August 2004 through July 2005. Accordingly, Transco proposes to file an amended cash-out report for each of the prior periods, and to invoice customers for the \$2.3 million refunded for the cash-out period August 2000 through July 2001 and provide further refunds to customers for the additional \$10 million over-recovery related to the cash-out period August 2004 through July 2005. For a customer that would receive both an invoice and a refund as a result of this recalculation, Transco will net those amounts to determine the final amount of that customer's invoice or refund, as applicable. For the current annual cash-out period August 2005 through July 2006, Transco's cash-out report is due on or before September 29, 2006 and Transco will reflect for this period the effect of the foregoing recalculations.

Transco will promptly submit the amended cash-out reports for the prior periods, and will request that the Commission promptly approve the amended cash-out reports and the above described method for reconciling the surcharge and the refund for those prior periods. In addition, Transco also will submit its current annual cash-out report in Docket No. CP88-391 on or before September 29, 2006.

On October 18, 2006, Transco filed a request, seeking approval to use Account 439, Adjustments to retained earnings in connection with Transco's restatement of its 2004 FERC Form No. 2. The filing lacked sufficient information in order for us to process your request. Specific requests for additional information are set forth in the enclosure to assist in our analysis of this filing. If you believe it would be helpful to provide additional information or documents beyond your responses to the specific requests, please do so.

**ACTIVITIES:**

March 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

June 9, 2006 – The Commission issued a notice of restatement of financial statements.

December 21, 2006 – The Commission issued a notice of filing to revise its methodology for calculating natural gas inventories and valuation of gas imbalances.

**Docket CP06-379**  
**Transcontinental gas Pipe Line, Corp.**  
**Pipeline Facility Abandonment**

**DATE FILED:** June 8, 2006

**BACKGROUND:**

This order grants Transcontinental Gas Pipe Line Corporation (Transco) partial abandonment of firm transportation service as requested in the above docket.

On June 8, 2006, Transco filed, pursuant to Section 7(b) of the Natural Gas Act (NGA) and Part 157.18 of the Commission's regulations, for permission and approval to abandon a portion of the firm transportation service provided to the City of Kings Mountain, North Carolina (Kings Mountain) pursuant to a Service Agreement dated February 1, 1992 under Transco's Rate Schedule FT. Transco requests authorization to abandon 1,000 Dth/day out of the 4,244 Dth/day of the transportation contract quantity (TCQ) provided to Kings Mountain under Transco's Rate Schedule FT. Consistent with Sections 157.7 and 157.18 of the Commission's regulations, Transco provide a statement supporting the reason for the abandonment and the necessary exhibits under part 157.18.

Pursuant to the service agreement dated February 1, 1992, Transco provides up to 4,244 Dth/day of firm transportation service to Kings Mountain under Rate Schedule FT. By letter dated April 20, 2006, Kings Mountain notified Transco that it desired to reduce its TCQ under the Service Agreement by 1,000 Dth/day in order to effectuate a prearranged release of that capacity pursuant to the terms of section 42.14 of the General Terms and Conditions of Transco's tariff. Following the receipt of the authorization requested Kings Mountain will permanently release 1,000 Dth/day of firm capacity transportation capacity to a prearranged transportation buyer, The City of Monroe, North Carolina (Monroe), who will acquire the service at maximum rates. Transco states that Section 7(b) abandonment authorization is required because the FT transportation service for Kings Mountain was previously converted from firm sales service pursuant to Transco's revised Stipulation and Agreement in Docket No. RP88-68, et al. Transco states that the settlement in that proceeding provides that pre-granted abandonment shall not apply to such conversions. Transco proposes to abandon the portion of the firm transportation service to Kings Mountain once the necessary approvals have been obtained and the prearranged permanent release is implemented.

The record in this proceeding includes the application and exhibits thereto, submitted in support of the authorization sought herein. Since the transportation service is no longer needed and no one has objected to the proposal, the public convenience and necessity requires that abandonment of this service be granted. No facilities are to be abandoned; therefore, no environmental impact is involved.

Accordingly, permission for and approval of the abandonment of a portion of the firm transportation service under Rate Schedule FT with Kings Mountain, as described above and in the application, is granted effective on the implementation date of the permanent release by Kings Mountain.

**ACTIVITIES:**

June 30, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

July 14, 2006 – The Commission accepted this filing and issued an order approving the abandonment of facilities.

**Docket CP06-383**  
**Transcontinental gas Pipe Line, Corp.**  
**Pipeline Replacement/Relocation Mobile Bay lateral**

**DATE FILED:** June 12, 2006

**BACKGROUND:**

On June 12, 2006, Transcontinental Gas Pipe Line Corporation (Transco) filed an application under section 7(c) of the Natural Gas Act (NGA) for authority to conduct an offset replacement of approximately 740 feet of 30-inch pipeline on its Mobile Bay Lateral in Mobile County, Alabama. As discussed below, the requested authorization is required by the public convenience and necessity and is granted subject to certain conditions.

Transco is a natural gas pipeline company engaged in the transportation of natural gas in interstate commerce by means of its natural gas transmission system extending from Texas, Louisiana, Mississippi and the offshore Gulf of Mexico area, through the States of Alabama, Georgia, South Carolina, North Carolina, Virginia, Maryland, Pennsylvania and New Jersey, to its termini in the New York City metropolitan area.

Transco states that its proposal to replace and relocate approximately 740 feet of 30-inch pipeline on its Mobile Bay Lateral is necessitated by the Alabama Department of Transportation's planned relocation of U.S. Highway 98 in Mobile County, Alabama. Transco recognizes that pipeline replacement projects of this magnitude are typically constructed pursuant to either Section 2.55(b) of the Commission's regulations, or Transco's Subpart F blanket facilities certificate issued in Docket No. CP82-426. However, Transco has filed this application because (1) the work spaces required for this project will be outside of the Commission's guidelines for use of space in Section 2.55(b), and (2) a listed "threatened" species occurs in the project area, therefore rendering the replacement ineligible for construction under Transco's blanket facilities certificate. Consequently, Transco has filed an application for a certificate of public convenience and necessity for this replacement project.

To implement the relocation, Transco proposes to remove and replace approximately 740 feet of 30-inch Class I pipe with Class III pipe from milepost 85.52 to milepost 85.66 on its Mobile Bay Lateral in Mobile County, Alabama. Transco states that the Mobile Bay Lateral pipeline consists of a single pipeline, and that a conventional in-the-trench replacement of this line would result in a lengthy interruption of service, during which time production volumes would be unable to move to the market. Therefore, Transco proposes an offset replacement, which will allow pipeline downtime to be greatly reduced. Specifically, Transco will construct a new 740 foot section of pipeline, installed parallel to the existing pipeline, at an offset of approximately 15 feet from the existing line, and at a lower depth to accommodate the planned highway relocation. Once construction of the offset pipeline section has been completed, the

existing pipeline will be taken out of service and the operating pressure will be drawn down. Transco states that once a low-pressure threshold is reached, the remaining gas in the line will be vented to the atmosphere. The offset pipeline section will then be tied-in at both ends. After the offset (new) pipeline is in service and flowing gas to markets, the existing (old) segment will be removed and restoration and re-vegetation activities will be performed. Transco anticipates that the service will be interrupted for approximately five days by the project. Transco estimates that the replacement will cost approximately \$870,000 which will be fully reimbursed by the Alabama Department of Transportation.

Transco states that it will utilize approximately 3.960 acres of its existing maintained right-of-way and approximately 0.251 acres of new permanent right-of-way in conjunction with the project. In addition, Transco will require 0.938 acres of temporary workspace (TWS) for construction and fabrication. Transco notes that much of the total 5.149 acre project impact area will be within the new highway right-of-way. Transco notes that an additional 1.72 acre site in Semmes, Alabama will also be used for temporary pipe storage and construction offices. Thus, the cumulative land area required by the project, including TWS, consists of 6.87 acres. Transco is negotiating easements with landowners for new permanent right-of-way and temporary workspace for the minor acreage outside the highway right of way. Transco does not anticipate using eminent domain to obtain the necessary easements.

An environmental assessment (EA) was prepared for Transco's proposal. The EA addresses purpose and need, construction, operation and maintenance procedures, land requirements, permits, water resources and wetlands, vegetation, threatened and endangered species, geology and soils, land use, cultural resources, air and noise quality, and alternatives.

Based on the discussion in the EA, if constructed and abandoned in accordance with Transco's application and supplements filed on July 10 and July 24, 2006 and the conditions in the appendix, approval of this proposal would not constitute a major federal action significantly affecting the quality of the human environment.

At a hearing held on the date noted above, there was received and made a part of the record in this proceeding all evidence, including the application and exhibits thereto, submitted in support of the authorization sought herein. Since the proposed facility will be used for the transportation of natural gas in interstate commerce subject to the jurisdiction of the Commission, the offset replacement and operation of the pipeline is subject to the requirements of section 7(c) of the NGA.

On September 15, 1999, the Commission issued a statement of policy on the certification of new interstate natural gas pipeline facilities (Policy Statement) to provide guidance as to how we will evaluate proposals for certificating new construction. In this Policy Statement, we established 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 new

pipeline facilities, the Commission balances the public benefits against the potential adverse consequences.

Since the proposed project will fully be reimbursed by the Alabama Department of Transportation, Transco will incur no net increase in costs as a result of the offset replacement.<sup>5</sup> Also, given that the project is driven by a highway relocation project, which is beyond the control of Transco and will be fully reimbursed by the State of Alabama, the replacement will not adversely affect Transco's existing customers. The project only impacts the physical configuration of Transco's facilities and since the replacement will not change Transco's customer requirements or system capacity, other pipelines and their captive customers will not be adversely impacted. The project will also have minimal landowner impact, since most of the project acreage requirements will be within the state highway right-of-way. As to the minor additional acreage required for permanent right-of-way and temporary workspace, Transco anticipates obtaining easement agreements from landowners without use of eminent domain, which will eliminate or minimize any adverse effects the project may have on existing customers. On balance, since the project is necessitated by the Alabama Department of Transportation Highway relocation and can be implemented without significant adverse impacts, the replacement is required by the public convenience and necessity.

(A) A certificate of public convenience and necessity is issued authorizing Transco to construct and operate the facility, as more fully described in the application and in this order.

(B) Transco shall complete the construction and place in operation the facility within one year of the date of the order, pursuant to Section 157.20(b) of the Commission's Regulations.

(C) This certificate authorization is conditioned on Transco's compliance with the provisions of all applicable Commission Regulations under the NGA.

(D) The authorization granted herein is subject to Transco's compliance with the specific environmental conditions in Appendix A. Further, Transco shall notify the Commission's environmental staff by telephone and/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.

On June 12, 2006, Transco filed an application pursuant to section 7(c) of the Natural Gas Act ("NGA") for a certificate of public convenience and necessity authorizing Transco to relocate and replace approximately 740 feet of 30-inch pipeline on its Mobile Bay Lateral in Mobile County, Alabama. Transco stated that this action must be taken due to the Alabama Department of Transportation's planned relocation of U.S. Highway 98 and estimated that the cost of the project will be approximately \$870,000.

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<sup>5</sup> In any case, the Policy Statement notes that projects designed to improve service for existing customers, by replacing existing capacity, improving reliability, or providing flexibility, are for the benefit of existing customers. Increasing the rates of the existing customers to pay for these kinds of improvements is not a subsidy and the costs of such projects are permitted to be rolled-in. See FERC ¶ 61.227 (1999) at 61,746.

**ACTIVITIES:**

June 22, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

August 9, 2006 – The Commission issued a certificate order accepting this filing

**Docket RP06-406**

**Texas Eastern Transmission, LP  
Electric Power Cost (EPC)**

**DATE FILED:** June 29, 2006

**BACKGROUND:**

On June 29, 2006, 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 adjust the Electric Power Cost (EPC) component of its rates. The tariff sheets listed in the Appendix are accepted effective August 1, 2006, 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, 2006. The revised EPC rates are based on Texas Eastern's estimated annual electric costs to be tracked of approximately \$39.4 million, and the latest actual twelve-month throughput quantities ending April 2006, adjusted for changes for the twelve-month period commencing August 1, 2006. 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.

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

On June 29, 2006, Texas Eastern tendered for filing as part of its FERC Gas Tariff, Seventh Revised Volume No. 1 and First Revised Volume No. 2, the revised tariff

**ACTIVITIES:**

June 22, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

July 19, 2006 – The Commission issued an order accepting this filing.

**Docket RP06-424**  
**Dominion Transmission, Inc.**  
**Overrun Penalty Report**

**DATE FILED:** March 31, 2006

**BACKGROUND:**

On June 30, 2006, Dominion Transmission, Inc. (DTI) tendered for filing its annual report of overrun charge/penalty revenue distributions. Section 41 of the general terms and conditions of DTI's FERC Gas Tariff, *Crediting of Unauthorized Overrun Charge and Penalty Revenues*, requires distribution of such charges and revenues to non-offending customers on June 30 of each year, and filing of the related report within 30 days of the distribution.

(DTI) filed the above referenced overrun/penalty revenue distribution report pursuant to Section 41 (C) of the General Terms and Conditions of its FERC Gas Tariff. The report complies with DTI's tariff provisions and is accepted for filing.

The report reflects that DTI distributed \$158,328.69 (inclusive of interest) of unauthorized overrun charges and penalty revenues on June 30, 2006, to non-offending customers. The refund reflects unauthorized overrun charges and penalty revenues collected by DTI during the twelve month period ending March 2006. The workpapers set forth in DTI's filing reflect the calculation of monthly and total unauthorized overrun charges and penalty revenues allocated to each non-offending customer. DTI states that it has not reduced the unauthorized overrun charges and penalty revenues collected by any related costs.

**ACTIVITIES:**

July 3, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

October 4, 2006 - The Commission issued an order accepting this filing.

**Docket RP06-425  
Transcontinental Gas Pipe Line, Corp.  
Refund Report**

**DATE FILED:** July 3, 2006

**BACKGROUND:**

This is to advise you that the refund report filed by Transcontinental Gas Pipe Line Corporation (Transco) on June 30, 2006, in the above-referenced docket is accepted for filing.

The refund report reflects the amounts refunded by Transco on June 21, 2006, 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, 2005 through April 30, 2006 totaled \$364,784.12 (inclusive of \$15,019.95 of interest) and \$50,352.57 (inclusive of \$2,730.48 of interest) for Rate Schedules PAL and ICTS, respectively.

On June 30, 2006, Transco tendered for filing, pursuant to section 3.4 of Transco's Rate Schedule PAL and section 7 of Transco's Rate Schedule ICTS, a Report of Refund detailing PAL and ICTS revenue sharing refunds totaling \$415,136.69 of principal and interest paid on June 21, 2006. Transco states that the refund report is for the annual period May 1, 2005 through April 30, 2006.

**ACTIVITIES:**

March 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

October 12, 2006 - The Commission issued an order accepting this filing

**Docket CP06-419**  
**Dominion Transmission, Inc.**  
**Storage Facility Abandonment**

**DATE FILED:** July 11, 2006

**BACKGROUND:**

On July 11, 2006, Dominion Transmission, Inc. (Dominion) filed an application pursuant to section 7(b) of the Natural Gas Act (NGA) seeking authorization to abandon two existing natural gas storage injection/withdrawal wells at the Ellisburg Storage Field in Potter County, Pennsylvania. For the reasons stated below, the requested authorization is required by the public convenience and necessity and is granted herein.

Dominion is a corporation organized and existing under the laws of the State Delaware and is duly authorized to do business in the District of Columbia, Maryland, New York, Ohio, Pennsylvania, Virginia and West Virginia. Dominion is an open-access pipeline operating under the Commission's regulations and an approved FERC Gas Tariff engaged primarily in the business of storing and transporting natural gas in interstate commerce.

Dominion requests authority to abandon two wells at its Ellisburg Storage Field (Ellisburg) located in Potter County, Pennsylvania. Dominion states that it, along with National Fuel Gas Supply Corporation (National Fuel) and Tennessee Gas Pipeline Company (Tennessee) are joint owners of the Ellisburg Storage Pool, pursuant to the Ellisburg Operating Agreement of February 11, 1963, as amended. Dominion further states that the Federal Power Commission authorized development of the storage reservoir in 1963 in Docket No. CP62-275. Ellisburg was expanded in the early 1970s pursuant to certificates issued in Docket Nos. CP69-242 and CP70-250. Dominion states that the current certificated capacity at Ellisburg is 98.43 Bcf, comprising 55.53 Bcf of working gas and 42.90 Bcf of base gas. It further states that Tennessee and Dominion each have 39 percent of the capacity, or 21.657 Bcf of working gas and 16.731 of base gas. National Fuel retains 22 percent of the capacity, of which 12.216 Bcf is working gas and 9.438 is base gas.

Additionally, Dominion states that Ellisburg consists of a network of storage injection/withdrawal wells (I/W); gathering facilities; and two compressor stations – Ellisburg (jointly owned by Dominion and Tennessee) and Rose Lake (owned by National Fuel). The wells to be abandoned, Wells EW-203 and EW-313 are both I/W wells set in the Oriskany sandstone gas storage horizon.

More specifically, on May 18 and 19, 2004, surveillance logs were conducted on wells EW-203 and EW-313, respectively. Dominion states that data obtained from the logging suite revealed that the 5.5-inch production casing had excessive metal loss due to

corrosion. As a result, a Baker Oil Tools N-1 mechanical plug was set by wireline on May 24, 2004 at 5,165 feet in well EW-203 and on May 26, 2004 at 4,915 feet in well EW-313. These mechanical plugs temporarily plugged the wells and isolated the storage zone pressure in the wells, preventing communication with the surface, and effectively placing the wells in an inactive, idled service capacity. Additionally, the wells were both filled with 9.7 parts per gallon (PPG) brine water as a safety precaution in the event of plug failure.

Dominion avers that remedial actions available to extend the life and maintain the performance from the two wells are greatly limited due to the size of the current production string, which would ultimately reduce the deliverability of the wells. Dominion states that the costs associated with a remediation effort to extend the life of the existing wells are not operationally or economically justified. As a result, Dominion has determined that the most suitable course of action is the permanent plugging and abandonment of the two wells.

Dominion states that the plugging and abandonment of the wells will not significantly affect the operational capabilities at Ellisburg. Dominion avers that due to its integrated storage system, the gas stored in these wells has temporarily been routed to other wells to fulfill its obligations to its existing customers.

However, Dominion states that the ability to effectively drain injected inventory from the region of the reservoir that is penetrated by the wells designated for abandonment, as well as the marginal impact that the loss of these well will have on overall reservoir performance at low pressures and inventories, may require future replacement of both of these wells. As such, Dominion indicates that it plans to file a NGA 7(c) application in 2007, on behalf of the joint owners to replace these wells at the same location of the existing wells in order to maintain late season, peaking performances at current levels.

Dominion proposes to plug and abandon wells EW-203 and EW-313 from a depth of approximately 5,290 feet and 5,070 feet, respectively, to the surface. Dominion asserts that the abandonment of these wells involves only the removal of minor surface facilities, installation of associated erosion control practices and site restoration. Earth disturbances will be minimal and will involve only the removal of the "christmas trees", lead lines, and the placing of a monument at each site to identify the location of the wells. Dominion states that all work will be confined to the original well pads on previously disturbed land and the well locations will be restored to their original state, or in accordance with the landowner's preference.

Commission staff prepared an environmental assessment (EA) for Dominion's proposal. The EA addresses geology, soils, water resources, wetlands and/or waterbodies, land use, wildlife, threatened and endangered species, cultural resources, and alternatives.

Based on the discussion in the EA, if abandoned in accordance with Dominion's application, approval of this proposal would not constitute a major Federal action significantly affecting the quality of the human environment.

Based on the safety considerations associated with excessive metal loss due to corrosion, plugging and abandonment of the two wells is warranted. Further, Dominion states that it intends to file at some future date a NGA section 7(c) application to replace both wells in order to maintain late season peaking requirements. Therefore, the public convenience and necessity permits approval of Dominion's request for abandonment authority under NGA Section 7(b).

This action is taken under 18 CFR §375.308 and it is ordered that:

- (A) Permission for and approval of the abandonment by Dominion of the subject facilities as described above and in the application are granted.
- (B) Dominion shall notify the Commission of the effective date of the abandonment authorized in paragraph (A) above within 10 days thereof.
- (C) This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order pursuant to 18 CFR §385.713.
- (D) As recommended in the EA, this authorization includes the conditions outlined in the Appendix to this order.

I approve your December 13, 2006 request to commence construction for the plugging and abandonment of wells EW-203 and EW-213 located in the Ellisburg Storage Field in Potter County, Pennsylvania. We have reviewed the information you filed in compliance with environmental condition 3 of the Commission's October 20, 2006 Order Approving Abandonment (Order) in the above docket. This condition required Dominion Transmission, Inc. (Dominion) to obtain comments from the State Historic Preservation Office (SHPO) prior to the start of construction. The SHPO, in its letter of October 20, 2006, indicated that Dominion's cultural resources survey report meets the standards and specification as outlined in *Cultural Resource Management in Pennsylvania: Guidelines for Archeological Investigations* (BHP 1991) and that no further archeological work is necessary for this project.

#### ACTIVITIES:

August 9, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

October 30, 2006 – The Commission issued an order accepting this filing and approving the facilities abandonment.

December 13, 2006 – Dominion commenced construction of the facilities.

**Docket RP06-465**  
**Texas Eastern Transmission, LP**  
**Temporary Waiver – Nomination/Scheduling Process**

**DATE FILED:** August 1, 2006

**BACKGROUND:**

Texas Eastern Transmission, LP (Texas Eastern), Algonquin Gas Transmission, LLC (Algonquin), Maritimes & Northeast Pipeline, L.L.C. (Maritimes), East Tennessee Natural Gas, LLC (East Tennessee), and Egan Hub Storage, LLC (Egan Hub) (the Pipelines) filed to request a temporary waiver of: (1) certain sections of its General Terms and Conditions; (2) certain NAESB Standards; and (3) sections 284.12 and 284.13 of the Commission's regulations. The Pipelines are requesting this authority to allow temporary modifications to the nominations and scheduling process as well as the temporary suspension of these requirements during the "Outage Period" commencing at 5:00 P.M. CCT on Friday, August 18, 2006 and projected to end at 5:00 A.M. CCT on Monday August 21, 2006, associated with the Pipelines' conversion of their Electronic Bulletin Board system (LINK® system) from the current mainframe platform to a client-server platform. Further, the Pipelines state that explanations of the specific temporary modifications were posted on the LINK® system on August 1, 2006.

The Pipelines state that temporary waiver of the subject sections of the Pipelines' respective FERC Gas Tariffs, certain NAESB Standards and the related regulations will permit, among other things, the following:

Moving the timely nomination and scheduling deadlines for Sunday, August 20, 2006 and Monday, August 21, 2006 to Friday, August 18, 2006 at 5:00 P.M. CCT for online, proprietary file transfers and Electronic Data Interchange transactions.

Suspending all other nomination cycles during the Outage Period although the Pipelines will continue to accept hard copy changes to nominations and Pre-Determined Allocations via a facsimile copy of the "Nomination Change Form" and the "PDA Change Form" available to customers in the Downloads Section of the Informational Postings Site within LINK®. In addition, the Pipelines will continue to process confirmation reductions from interconnecting parties during each NAESB cycle.

Waiving any imbalance penalties that are incurred solely as a result of this conversion.

Suspending the updating of operational data in the Informational Postings Site of the LINK® system during the Outage Period. Informational Postings, updated as of the commencement of the Outage Period and Critical Notice Postings will still be available as well as downloadable forms.

Public notice was issued on August 4, 2006. Interventions and protests were due on or before August 9, 2006. Pursuant to Rule 214, (18 C.F.R. § 385.214 (2006)), 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. No adverse comments or protests were filed.

The waiver request made herein is similar to that which was granted by the Commission on July 20, 2006, in Docket No. RP06-436-000. The Pipelines propose to make the necessary changes to their computer systems prior to the winter heating season when the system generally has the most flexibility and have agreed to waive penalties during the Outage Period. We therefore will grant the waiver request. On August 3, 2006, Texas Eastern, Algonquin, et al. requested a temporary waiver from a number of their respective General Terms and Conditions as well as from certain North American Energy Standards Board standards and Federal Energy Regulatory Commission regulations due to the upcoming conversion of their Electronic Bulletin Board ("LINK®") from a legacy computing platform to a client-server platform. During the conversion, LINK® will be essentially unavailable to customers.

#### ACTIVITIES:

August 9, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

August 15, 2006 - The Commission issued an order accepting this filing

**Docket RP06-462**  
**Transcontinental Gas Pipe Line, Corp.**  
**Refund Report**

**DATE FILED:** August 1, 2006

**BACKGROUND:**

On August 1, 2006, you filed on behalf of Transcontinental Pipeline Corporation (Transco) a refund report that reflects that on July 31, 2006, Transco refunded \$27,960.34 to its LSS, GSS and FT-NT customers. The refund in the instant filing flows through a refund Transco received from Dominion Transmission, Inc. in Docket No. RP06-424-000 for Unauthorized Overrun Charges and Penalty Revenues.

On July 31, 2006, Transco filed a report reflecting the flow through of refunds received from Dominion Transmission, Inc. in Docket No. RP06-424-000. On July 31, 2006, Transco, in accordance with section 4 of its Rate Schedules LSS and FT-NT and section 3 of its Rate Schedule GSS, flowed through the amount refunded by Dominion to its LSS, FT-NT and GSS customers.

**ACTIVITIES:**

August 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

November 2, 2006 - The Commission issued an order accepting this filing

**Docket RP06-450**  
**Transcontinental Gas Pipe Line, Corp.**  
**S-2 Storage**

**DATE FILED:** August 1, 2006

**BACKGROUND:**

On July 31, 2006, 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 under Texas Eastern Transmission, LP's Rate Schedule X-28. The costs of the Rate Schedule X-28 storage service are included in the rates and charges payable under Transco's Rate Schedule S-2. The referenced tariff sheet is accepted effective August 1, 2006, as proposed.

**ACTIVITIES:**

August 9, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

August 18, 2006 – The Commission issued an order accepting this filing.

**Docket CP06-421**  
**Transcontinental Gas Pipe Line, Corp.**  
**Potomac Expansion Project**

**DATE FILED:** July 17, 2006

**BACKGROUND:**

Take notice that on July 17, 2006, as supplemented on July 20, 2006, Transcontinental Gas Pipe Line Corporation (Transco) filed an application pursuant to sections 7(c) and 7(b) of the Natural Gas Act (NGA), for authorization to construct and operate the Potomac Expansion Project, an incremental expansion of Transco's existing pipeline system in its Mid-Atlantic market area. Transco states that the proposed project will involve the construction and operation of approximately 16.39 miles of new pipeline looping facilities in Pittsylvania and Campbell Counties, Virginia, and the replacement of 3.43 miles of existing pipeline in Fairfax County, Virginia. Transco states that the 3.43-mile replacement of the existing pipeline in Fairfax County, Virginia, will consist of the removal and replacement of 3.18 miles of 30-inch diameter Mainline B with 42-inch diameter Mainline D within the same trench. In addition, 0.25 mile of existing Mainline B will be abandoned in place, principally under existing road crossings, and replaced in an adjacent trench with the new 42-inch diameter Mainline D. Transco requests authorization under section 7(b) of the NGA to abandon in place the 0.25 mile of existing Mainline B in Fairfax County, Virginia. Transco states that the proposed project will enable it to provide 165,000 dekatherms per day of incremental firm transportation capacity to serve increased demand in the Mid-Atlantic region of the United States. Transco estimates that the proposed project will cost approximately \$73.7 million, all as more fully set forth in the application which is on file with the Commission and open to public inspection.

On February 3, 2006, the Commission issued a *Notice of Intent to Prepare an Environmental Assessment for the Proposed Potomac Expansion Project and Request for Comments on Environmental Issues* (NOI). The NOI was mailed to about 500 individuals, organizations, federal and state agency representatives, county and local government agencies (including libraries), elected officials, property owners along the proposed routes, parties on the Commission's official service list for this proceeding, and other interested individuals. The NOI was published in the Federal Register (February 10, 2006) and solicited comments on environmental matters pertaining to Transco's application.

FERC received comments from the Fairfax County Park Authority, the U.S. Army Corps of Engineers (COE), the National Oceanic and Atmospheric Administration's National Marine Fisheries Service (NOAA Fisheries), the Virginia Department of Environmental Quality (DEQ), the County of Fairfax, Virginia, the County of

Pittsylvania, Virginia, as well as a few landowners. All environmental issues that were identified are addressed in this EA.

FERC made a site visit on January 24, 25, 26, and May 11, 2006, in order to examine the proposed route and identify potential environmental concerns. The site visit consisted of a drive- and walk- through of the proposed route and included visits to locations of environmental concern brought up during scoping. Personnel from the COE, DEQ, Virginia Marine Resources Commission (MRC), as well as representatives from Transco accompanied us on portions of the site visit.

On July 17, 2006, as supplemented on July 20, 2006, Transco filed an application for authorization to construct and operate the Potomac Expansion Project, an incremental expansion of Transco's existing pipeline system in its Mid-Atlantic market area. Transco states that the proposed project will involve the construction and operation of approximately 16.39 miles of new pipeline looping facilities in Pittsylvania and Campbell Counties, Virginia, and the replacement of 3.43 miles of existing pipeline in Fairfax County, Virginia. Transco states that the 3.43-mile replacement of the existing pipeline in Fairfax County, Virginia, will consist of the removal and replacement of 3.18 miles of 30-inch diameter Mainline B with 42-inch diameter Mainline D within the same trench. In addition, 0.25 mile of existing Mainline B will be abandoned in place, principally under existing road crossings, and replaced in an adjacent trench with the new 42-inch diameter Mainline D. Transco requests authorization to abandon in place the 0.25 mile of existing Mainline B in Fairfax County, Virginia. Transco states that the proposed project will enable it to provide 165,000 dekatherms per day of incremental firm transportation capacity to serve increased demand in the Mid-Atlantic region of the United States. Transco estimates that the proposed project will cost approximately \$73.7 million.

#### **ACTIVITIES:**

August 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

July 24, 2006 - The Commission issued a notice of application order for this filing.

**Docket RP06-509**  
**Texas Eastern Transmission, LP**  
**Penalty Disbursement Report**  
**Operational Segment Capacity Entitlements**

**DATE FILED:** August 24, 2006

**BACKGROUND:**

On August 24, 2006, Texas Eastern Transmission, LP (Texas Eastern) filed the referenced tariff sheets to make changes to various sections of its currently effective tariff. The changes include among other things: (1) including Penalty Disbursement reports and Operational Segment Capacity Entitlements reports in section 15.8, Periodic Reports; (2) modifying the description of the calculation of the rate adjustments for the Electric Power Cost Adjustment; (3) a statement that the Base Electric Power Cost Units for incremental services will be reflected on the applicable rate sheet for each incremental service; and (4) removing all references to the Gas Research Institute (GRI) surcharge. The tariff sheets listed in the appendix are accepted effective September 24, 2006, as proposed. On August 24, 2006, Texas Eastern Transmission, LP ("Texas Eastern") filed as part of its FERC Gas Tariff various revised tariff sheets listed in Appendix A of the filing to be effective September 24, 2006. The stated purpose of the filing is to modify various sections of the Texas Eastern Tariff and to delete all references to the Gas Research Institute ("GRI") surcharges.

**ACTIVITIES:**

September 1, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

September 12, 2006 - The Commission issued an order accepting this filing

**Docket RP06-569**  
**Transcontinental Gas Pipe Line, Corp.**  
**General Rate Case Filing**

**DATE FILED:** August 31, 2006

**BACKGROUND:**

On August 31, 2006, Transco tendered revised tariff sheets for filing with a proposed effective date of October 1, 2006. Transco asserts that its proposed rates would increase revenues from jurisdictional services by \$281,550,886.

As more fully explained by Transco's filing, the proposed rate increase, over one-quarter of a billion dollars annually, is premised on claimed massive changes from its last general increase case. Among other things, Transco's claimed rate base is almost \$900 million more than it was in Docket No. RP01-245. Conversely, notwithstanding the dramatic increase in the claimed rate base, Transco asserts that its throughput actually is lower than it was in that docket.

Given that Con Edison and PGW request that the Commission set all issues raised by Transco's filing for hearing, Con Edison and PGW will not attempt to argue the merits of these issues at this time. However, Con Edison and PGW will note their expectation that the requested hearing will address, in addition to Transco's rate base and throughput, the following issues. Of course, this listing is preliminary and should not be read as a suggestion that other issues should not be considered in the hearing process.

1. Cost of Service
2. The interruptible service discount adjustment
3. The elimination of revenue sharing for Rate Schedules PAL, ICTS, and ISS
4. The SunBelt and SouthCoast Expansion Projects
5. Treatment of expansion project costs.

Con Edison and PGW further note that the Commission has, in a number of dockets, deferred consideration of issues to this proceeding. By way of example, in *Transcontinental Gas Pipe Line Corp.*, 102 FERC ¶ 61,074 (2003), the Commission determined that concerns about ratepayers sharing in gains realized on the sale of jurisdictional assets should be addressed in this case. In light of the Commission's determinations in that case and other dockets, Con Edison and PGW reserve their right to address all issues either deferred for consideration to this docket or previously determined by the Commission to be appropriately considered in this docket.

Con Edison and PGW request the Commission to find that Transcontinental Gas Pipe Line Corporation ("Transco") has not demonstrated that its proposed rates are just and reasonable. Con Edison and PGW further request the Commission to suspend the proposed rates for the full, five-month, suspension period permitted by the Natural Gas Act and to set both the issues raised by Transco's rate filing and issues previously deferred by the Commission for disposition in this case for hearing.

On the basis of the foregoing, Con Edison and PGW have direct and substantial interests in the above docket and may be affected by its ultimate determination. Con Edison and PGW 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 and further request the Commission suspend Transco's proposed tariff sheets for five months and to set all issues raised by Transco's rate filing for hearing.

On October 17, 2006, a pre-hearing conference was held in the above-captioned proceeding. The parties requested a modification of the hearing commencement date that is specified by the Track III Schedule for this case. By order issued today, the Acting Chief Judge has approved that request. In accordance with the Acting Chief Judge's order, the participants agreed upon the following procedural schedule, which is hereby adopted:

June 7, 2007	Intervenor/Staff Sec. 4 Answering Testimony and Sec. 5 Direct
July 12, 2007	Sec. 4 Cross Answering Testimony/Sec. 5 Answering Testimony
	(all)
August 8, 2007	Rebuttal Testimony (all)
August 8, 2007	Joint Statement of Issues and Participants' Exhibit Lists
August 17, 2007	Last Day to Propound Discovery Requests
August 22, 2007	Pre-hearing Briefs
September 5, 2007	Hearing Commencement (10:00 a.m.)
October 26, 2007*	Initial Briefs Due
November 20, 2007*	Reply Briefs Due
January 29, 2008	Initial Decision

\*Dates for Initial and Reply Briefs may be modified at the conclusion of hearing.

As discussed at the October 17 pre-hearing conference, parties are required to submit a joint report on the status of settlement discussion (without disclosing the details of such discussions) on December 15, 2006 and every sixty (60) days thereafter. After Transco's throughput data is made available, the joint settlement reports will be required every thirty (30) days. On April 2, 2007, the parties will inform the undersigned if they wish to have a mediator or settlement judge appointed to facilitate settlement discussions concurrently with this litigation.

**ACTIVITIES:**

September 12, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

September 29, 2006 – The Commission issued an order accepting and suspending tariff sheets subject to refund and conditions, and establishing a hearing.

October 3, 2006 – The Commission issued an order of chief judge designating presiding administrative law judge (ALJ) Steven A. Glazer subject to track three of the procedural standards for hearing cases.

October 4, 2006 – The ALJ issued an order scheduling Pre-hearing Conference for 10/17/06.

October 12, 2006 – The ALJ issued an order adopting rules for the conduct of the hearing.

October 17, 2006 – The ALJ established a Procedural Schedule for the rate case proceeding.

October 19, 2006 – The ALJ issued a protective order.

December 15, 2006 – Transco filed joint report on status of settlement discussions. Participants have been engaged in discovery and that process is ongoing.

**Docket RP06-588**  
**Texas Eastern Transmission, LP**  
**Capacity Entitlements**

**DATE FILED:** September 1, 2006

**BACKGROUND:**

On September 1, 2006, Texas Eastern Transmission, LP (Texas Eastern) filed, pursuant to section 9.1 of the General Terms and Conditions (GT&C) of its FERC Gas Tariff, an annual report of Operational Segment Capacity Entitlements for 2006 (2006 Operational Entitlements). The filing reflects the recalculated Operational Entitlements to become effective November 1, 2006. Texas Eastern's 2006 Operational Entitlements report is accepted for filing.

In summary, the 2006 Operational Entitlements generally correspond to the 2005 Operational Entitlements for all customers and were adjusted to reflect contractual changes. The report reflects that the 2006 Operational Entitlements were increased for the WLA Total Operational Segment Capacity Entitlements, Clinton Line and ETX/M1 Zone Boundary Exit Quantity by 639 dth/d, 29,715 dth/d and 308 dth/d, respectively, due to changes in the level of firm contracts and gas supply receipt and distribution patterns. The report also revises the ELA Total Operational Segment Capacity Entitlements by 57,147 dth/d, correcting the 2004 and 2005 Operational Entitlements reports to reflect the increased capacity authorized in the M-1 Expansion Project in Docket No. CP02-381.

**ACTIVITIES:**

September 8, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

October 12, 2006 - The Commission issued an order accepting this filing

**Docket RP07-8**  
**Texas Eastern Transmission, LP**  
**Capacity Release/ Entitlements Procedures**

**DATE FILED:** October 6, 2006

**BACKGROUND:**

On October 6, 2006, Texas Eastern tendered for filing as part of its FERC Gas Tariff, Seventh Revised Volume No. 1, a number of tariff sheets to be effective November 6, 2006. Texas Eastern states that the purpose of this filing is to reflect the current procedures that releasing customers and potential prearranged and replacement shippers must follow in order to effectuate the temporary or permanent release of capacity via Texas Eastern's capacity release mechanism. As part of this effort, Texas Eastern is proposing to modify its General Terms and Conditions ("GT&C") to specifically state that Texas Eastern shall reject any notice to release capacity that contains additional terms and conditions that are inconsistent with the provisions of the Texas Eastern Tariff or any bid that contains contingent provisions that are inconsistent with the Texas Eastern Tariff. Texas Eastern is also proposing to modify GT&C Section 3.14(D)(1)(n) to indicate that the phrase "submitted by the Releasing Customer and any Replacement Customer" refers to overlapping nominations rather than contractual entitlements. Texas Eastern is proposing the inclusion of a new provision in Section 3.14(D)(1)(m) of the GT&C of its tariff (Capacity Release) that states that "Pipeline shall reject any Customer Notice that contains additional terms and conditions that are not consistent with the provisions of this FERC Gas Tariff." Texas Eastern is also proposing the inclusion of a new provision in Section 3.14(F) of the GT&C of its tariff (Capacity Release) that states that "Pipeline shall reject any bid that contains contingent provisions that are inconsistent with the provisions of this FERC Gas Tariff." These proposed provisions could be considered too broad and be in contradiction to the Commission's Regulations at 284.8(b) that states that "Firm Shippers must be permitted to release their capacity, in whole or in part, on a permanent or short-term basis, without restrictions on the terms and conditions of the release." Accordingly, Piedmont requests that the Commission clarify that Texas Eastern's proposed tariff provisions in Sections 3.14(D)(1)(m) and 3.14(F) of its GT&C are not in conflict with the Commission's regulations at 18CFR 284.8(b) which provides for firm shippers to release their capacity without restriction on the terms or conditions of the release.

The Commission accepts the proposed tariff sheets to become effective November 6, 2006, as requested, and denies a request for clarification by an intervening party.

**ACTIVITIES:**

October 14, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

November 6, 2006 – The Commission issued an order accepting this filing

**Docket RP06-619**  
**Transcontinental Gas Pipe Line, Corp.**  
**Non-Conforming Service Agreements**

**DATE FILED:** September 29, 2006

**BACKGROUND:**

On September 29, 2006, Transcontinental Gas Pipe Line Corporation (Transco) filed a non-conforming amendment dated September 28, 2006, to a non-conforming service agreement under Rate Schedule FT dated January 1, 2006, (Contract No. 9035033) between Transco and the Municipal Gas Authority of Georgia (MGAG). Transco's September 28, 2006 amendment to Contract No. 9035033 (September 28 Amendment) consolidates multiple service agreements pursuant to section 22 of the General Terms and Conditions of Transco's tariff. Transco also filed revised tariff sheets to update the list of non-conforming service agreements. Transco's September 28 Amendment and revised tariff sheets are accepted effective November 1, 2006, as proposed.

On March 1, 2006, in Docket No. RP06-241-000, Transco filed twenty firm transportation service agreements between MGAG and Transco, including Contract No. 9035033 submitted here, as non-conforming service agreements. Each service agreement contained varying monthly entitlements pursuant to Commission approved comprehensive service restructuring settlements between Transco and its customers. On March 31, 2006, the Commission issued a letter order accepting the service agreements finding that the varying seasonal contract demands in the filed contracts with MGAG are permissible material deviations from Transco's form of service agreements. MGAG and Transco executed the September 28 Amendment to consolidate the service agreements accepted in the March 31, 2006 order.

**ACTIVITIES:**

October 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

October 26, 2006 - The Commission issued an order accepting this filing

**Docket RP06-621**  
**Transcontinental Gas Pipe Line, Corp.**  
**Delivery Point Entitlements**

**DATE FILED:** September 29, 2006

**BACKGROUND:**

On September 29, 2006, Transco tendered for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, Sixth Revised Sheet No. 282, Fourth Revised Sheet No. 293, and Original Sheet No. 293A to become effective November 1, 2006. The purpose of this filing is to establish a new Delivery Point Entitlement ("DPE") tariff sheet and to establish DPEs for the Municipal Gas Authority of Georgia, a firm service customer and point operator of multiple delivery meters in Transco's Zone 4.

The tariff sheets are accepted effective November 1, 2006, as proposed.

Section 19 of Transco's GT&C specifies the "Maximum Daily Delivery Point Entitlements" and "Maximum Daily Delivery Entitlement by Facility Group" which Transco is obligated to deliver to each Buyer for the Winter Period and for the Summer Period for each delivery point. Transco has consolidated, effective November 1, 2006, MGAG's service agreements, in accordance with Section 22 of Transco's GT&C. MGAG holds service agreements which provide for firm entitlements for over twenty delivery points. Transco has filed the revised tariff sheets to establish MGAG's maximum daily delivery point entitlements and to revise its DPE Index.

**ACTIVITIES:**

October 7, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

October 26, 2006 - The Commission issued an order accepting this filing.

**Docket RP06-635**  
**Dominion Transmission, Inc.**  
**Transportation Cost Rate Adjustment ("TCRA") Surcharge Rates**

**DATE FILED:** September 29, 2006

**BACKGROUND:**

On September 29, 2006, DTI tendered for filing ten tariff sheets as part of its FERC Gas Tariff, Third Revised Volume No. 1, to become effective November 1, 2006. The purpose of this filing is to update DTI's effective Transportation Cost Rate Adjustment ("TCRA") and reflects a decrease in the current TCRA base rates for the period beginning November 1, 2006.

On October 31, 2006, the Commission issued a Letter Order accepting and suspending tariff sheets subject to refund, and subject to the outcome of a technical conference in the above-referenced proceeding. *Dominion Transmission, Inc.*, 117 FERC ¶ 61,135 (2006). Footnote 1 of the order referred to an appendix that listed the conditionally accepted tariff sheets. The appendix was inadvertently omitted. This errata notice corrects the order by adding the appendix attached to this notice.

On September 29, 2006, Dominion Transmission, Inc. (Dominion) filed revised tariff sheets<sup>6</sup> in Docket No. RP06-635-000 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, to be effective November 1, 2006. The Commission accepts and suspends the filed tariff sheets, permitting them to become effective November 1, 2006, subject to refund, and subject to the outcome of a technical conference as established by this order.

Dominion states in the instant filing that it proposes to adjust its 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, which compares the proposed rates (per Dth) to Dominion's rates that are presently in effect:

<u>Rate Component</u>	<u>Proposed Rate</u>	<u>Current Rate</u>	<u>Difference</u>
FT/FTNN Reservation	\$4.3690	\$4.4230	(\$0.0540)
FT/FTNN Usage	\$0.0266	\$0.0245	\$0.0021
IT	\$0.1465	\$0.1447	\$0.0018
GSS Demand Rate	\$1.8750	\$1.8825	(\$0.0075)
GSS Injection Rate	\$0.0217	\$0.0202	\$0.0015
GSS Withdrawal Rate	\$0.0172	\$0.0169	\$0.0003

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<sup>6</sup> See Appendix.

Dominion states that generally, the current TCRA base rates will decrease for the annual period beginning November 1, 2006 as a result of increases in billing determinants. Dominion notes that on July 28, 2006, it submitted a compliance filing (the July 28, 2006 filing) in Docket Nos. RP03-623-005, RP04-618-001, and RP05-685-001 of revised workpapers for the 2003, 2004, and 2005 TCRA's to comply with the Commission's July 7, 2006 Order on Compliance Filing and Rehearing in those dockets. Dominion notes that in such filing it requested Commission approval to reflect the cumulative adjustments in the July 28, 2006 filing, with interest, as part of this instant filing. Because the Commission has not yet acted on the July 28, 2006 filing, Dominion requests such authority in the instant filing. Dominion states that it has applied the methodologies approved by the Commission in its July 7, 2006 Order, including the imputation of billing determinants for volumetric and lump sum negotiated rates, the calculation of recoveries associated with the imputed billing determinants, and the treatment of unpaid accruals.

Dominion states that it also updated its Unrecovered Transportation Cost Account balance, pursuant to GT&C section 15.4.A. Also, Dominion states that its filing reconciles its actual costs, pursuant to GT&C section 15.5.C, with its Current Transportation Costs, as defined in GT&C section 15.3A, with a credit to reflect that it is required to share one-half of its savings with its customers and, further, a credit pursuant to GT&C section 35.3.D, to reflect the value of confiscated gas and the value of the penalty assessed for failure to meet Minimum Turnover Obligations under Rate Schedule GSS.

Finally, Dominion states that it is providing the valuation of Tennessee-related fuel for informational purposes only.

Notice of the filing in Docket No. RP06-635-000 was issued on October 5, 2006. Interventions and protests were due as provided in section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210 (2006). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2006), 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. Michael J. Wilhelm filed a pleading which he styled as a motion to intervene, but which actually contained comments in the nature of a protest to the instant filing. Dominion filed an answer to Mr. Wilhelm's comments. The details of Mr. Wilhelm's comments and Dominion's answer are discussed below.

Mr. Wilhelm asserts that Dominion understates the credit for the Dominion East Ohio (DEO) reduction. Mr. Wilhelm recounts a detailed history of the DEO reduction, which the Commission is still currently addressing in Docket No. RP03-623-005. Mr. Wilhelm notes that on September 20, 2005, the Commission issued an Order on Rehearing on Dominion's TCRA filing in Docket No. RP03-623-002 that addressed this issue. Mr. Wilhelm further states that, in Paragraph 54 of the September 20, 2005 Order, the Commission directed Dominion to "(1) list the monthly firm entitlement reductions

DEO has exercised since April 2001, (2) value these reductions by the then-effective monthly TCRA rate, (3) calculate interest on these amounts, and (4) credit this total amount to the TCRA.”

Mr. Wilhelm states that the Commission reaffirmed this decision, and denied rehearing on the matter in its July 7, 2006 Order. Mr. Wilhelm offers his analysis of the tariff sheets and workpapers Dominion has submitted in the instant filing, and concludes that the cumulative effect of the understated credit is 400,000 Dth of FTNN, 1,289,585 Dth of FTNN-GSS, and 204,000 Dth of GSS Demand, which Mr. Wilhelm asserts is in excess of \$900,000. Mr. Wilhelm states that the Commission should require Dominion to comply with the July 7, 2006 Order and eliminate over \$900,000 of excess charges in the instant filing.

Mr. Wilhelm also asserts that Dominion has understated the amount of unpaid accruals for interest calculations. Mr. Wilhelm states that, in purported compliance with the July 7, 2006 Order and the GT&C of its Tariff, Dominion has reflected a level of unpaid accruals in its interest calculations on various workpapers that suffer from two infirmities: nowhere does Dominion explain the basis for the amount and the amount reflects the erroneous elimination of cumulative unpaid accruals, a position Dominion espoused in its August 28, 2006 comments in the compliance proceeding in Docket RP03-623.

Finally, Mr. Wilhelm states that Dominion has failed to support various calculations. He offers the following examples: Workpapers 7 and 8 refer to “Reservation - Volumetric Negotiated Rates,” “Usage - Volumetric Negotiated Rates,” and “Lump Sum Negotiated Rates.” Mr. Wilhelm states that the Commission should require Dominion to provide the Dth associated with each of these categories in detail, *i.e.*, Dominion should provide the list of customers with associated Dth for each month.

In its answer, Dominion objects to Mr. Wilhelm’s assertions that Dominion has incorrectly calculated adjustments for Dominion East Ohio capacity reductions and unpaid accruals. Dominion asserts that Mr. Wilhelm is simply mistaken with respect to both allegations. Dominion further objects to Mr. Wilhelm’s unsupported request for additional information regarding the so-called lump sum negotiated rate quantities.

Dominion notes that Mr. Wilhelm alleges that in the instant filing, Dominion understated the amount to be credited to the TCRA to reflect the value Dominion receives from the monthly firm entitlement reductions Dominion East Ohio exercised in the relevant 2006 TCRA period. Dominion contends that Mr. Wilhelm’s allegation is misplaced, and the fact is that Dominion must adjust the entitlement reduction credit to account for the volumes that Dominion successfully remarketed. Moreover, Dominion asserts that Mr. Wilhelm’s calculations at paragraphs 5, 9 and 10 of his Comments are erroneous, grossly inflated and misleading.

Dominion states that the Commission addressed the TCRA credit for Dominion

East Ohio's capacity reductions in its September 20, 2005 Order, and briefly in its July 7, 2006 Order in Docket No. RP03-623. Dominion contends that the manner in which it credited for Dominion East Ohio's capacity reductions in its 2006 TCRA filing complies with these orders.

Specifically, Dominion notes that section 15.4 of its GT&C provides, in part, that the Unrecovered Transportation Cost Account shall be debited (increased) by Dominion's current transportation costs and credited (reduced) by revenues it receives attributable to Transportation Costs reflected in its rates. The Commission's September 20, 2005 Order directed Dominion to credit to the TCRA an amount that reflects the value of Dominion East Ohio's reduction of its monthly firm capacity entitlements, and Dominion's instant filing complies with this directive. Dominion states that, as reflected in Workpaper 7, Line Nos. 4, 16, and 28 and in Workpaper 8 on Line Nos. 3, 13, and 23, it has credited back the value of 200,000 Dth of FTNN capacity reductions taken by Dominion East Ohio during the applicable 2006 annual TCRA period (July 2005 – June 2006). Dominion notes that the 200,000 Dth is Dominion East Ohio's capacity reductions after Dominion adjusted the total amount of the firm entitlement reductions to reflect the Dominion East Ohio contractual volumes that Dominion successfully remarketed at maximum rates. In other words, it asserts, only 200,000 Dth of FTNN capacity applicable to Dominion East Ohio's negotiated rate agreement was not remarketed at maximum rates and, therefore, was subject to credit to the TCRA.

Dominion states that it objects to Mr. Wilhelm's assertions in this proceeding regarding the method by which Dominion accounts for unpaid accruals. In particular, it asserts, there is no basis for Mr. Wilhelm's claim that Dominion should not eliminate the supposed cumulative unpaid accruals and, thus, that the instant filing "should reflect, as a beginning balance, the cumulative amount [of unpaid accruals] retained by [Dominion] since the TCRA sharing provision was established." Dominion asserts that Mr. Wilhelm's objections are identical to those he raised in Docket No. RP03-623 in response to Dominion's July 28, 2006 compliance filing. Dominion asserts that it fully responded to Mr. Wilhelm's claims in that proceeding. As part of Dominion's July 28, 2006 compliance filing, Dominion states that it revised its interest calculations to adjust for any unpaid accruals as ordered by the Commission in its July 7, 2006 Order. Because the Commission has not yet acted on the July 28, 2006 compliance filing, Dominion states that it applied the same methodology approved in the July 7, 2006 Order and as used in its July 28, 2006 compliance filing in its 2006 TCRA filing for the treatment of unpaid accruals. Therefore, Dominion states it is both procedurally and substantively correct in applying in the instant filing the same accounting method for unpaid accruals as used in its compliance filing and as approved in the July 7, 2006 Order.

Finally, in response to Mr. Wilhelm's request that Dominion provide a list of its negotiated rate customers and associated Dth for each month which volumes are reflected, in aggregate in Workpaper 7 and in Workpaper 8, Dominion asserts that such additional information is unnecessary, and is not required by any settlement or tariff provision. Dominion notes that it already lists the billing determinants, in dekatherms,

broken out by customer (including its negotiated rate customers) in Workpaper 18. Dominion's negotiated rate customers are listed in its tariff. As the requested information is readily available, Dominion contends it would be redundant and unreasonable for it to be required to separately provide this information in a new format merely to appease Mr. Wilhelm.

In light of the interrelationship between the pending compliance filing in Docket Nos. RP03-623, et al., and the instant filing, and the continued dispute over certain issues common to both proceedings, the Commission finds that the issues raised in both proceedings may be more efficiently resolved by setting both proceedings for joint technical conference. Based upon a review of the filing, the Commission finds that the proposed tariff sheets have not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. The Commission will accept the tariff sheets for filing, suspend their effectiveness for the period set forth below, and permit them to become effective, subject to refund, and subject to the outcome of a technical conference at which the parties will be able to raise their concerns and obtain further information that may assist the Commission in the disposition of the contested matters in the instant filing. Additionally, since the issues raised in the instant filing are similar to those raised by Mr. Wilhelm in the pending compliance filing in Docket Nos. RP03-623, RP04-618, and RP05-685, the Commission will also direct that the technical conference include the issues raised in the compliance filing. Staff is directed to report the results of the technical conference to the Commission within 120 days of the issuance of this order.

It is the Commission's policy generally to suspend rate filings for the maximum period permitted by statute if preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or that it may be inconsistent with other statutory standards. It is recognized, however, that shorter suspensions may be warranted under circumstances in which suspension for the maximum period may lead to harsh and inequitable results. Such circumstances exist here where the Commission is reviewing a TCRA filed in accordance with the pipeline's tariff. Therefore, the Commission will exercise its discretion to suspend the effectiveness of the proposed tariff sheets and permit them to take effect November 1, 2006, subject to refund, and the outcome of the technical conference established herein. The Commission Staff is directed to report the outcome of the technical conference within 120 days of this order.

The Federal Energy Regulatory Commission will convene a technical conference regarding Dominion Transmission, Inc.'s proposed revised tariff sheets updating its effective Transportation Cost Rate Adjustment under section 15 of the General Terms and Conditions of its FERC Gas Tariff, Third Revised Volume No. 1, pursuant to the Commission Letter Order issued on October 31, 2006. Because similar issues have been raised, parties will have the opportunity to discuss not only the instant filing, but Docket Nos. RP03-623-005, RP04-618-001, and RP05-685-001 as well. The conference will be held on January 10, 2007 at 10:00 a.m. Eastern Time at the Federal Energy Regulatory

Commission, Commission Hearing Room #2, 888 First Street, NE, Washington, DC 20426.

**ACTIVITIES:**

October 11, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

November 9, 2006 – The Commission issued an Errata Notice Order.

December 8, 2006 – The Commission issued a Notice of Technical Conference for January 10, 2007.

**Docket RP06-636**  
**Dominion Transmission, Inc.**  
**Electric Power Cost Adjustment (EPCA) Rate**

**DATE FILED:** September 29, 2006

**BACKGROUND:**

On September 29, 2006, DTI tendered for filing ten tariff sheets as part of its FERC Gas Tariff, Third Revised Volume No. 1, to become effective November 1, 2006. The purpose of this filing is to update DTI's effective Electric Power Cost Adjustment ("EPCA"). This filing reflects a decrease in the EPCA base rates for fixed components and an increase in the EPCA base rates for usage components.

(DTI) filed revised tariff sheets 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, 2006.

In summary, DTI's proposed EPCA base rates consist of current fixed and usage EPCA components reflecting a projection of costs for a prospective twelve-month period beginning November 1, 2006, and EPCA surcharge rate components, which are a true up for actual activity within the deferral period. DTI adjusted the EPCA base rates in order to collect \$3,861,305 in projected annual electricity costs to be incurred for electric-powered compression, and to amortize the June 30, 2006 balance in its Unrecovered EPC Reimbursement Subaccount. Consistent with section 17.5 of its GT&C, DTI allocated EPCA costs to both transportation and storage customers, using the allocation factors underlying its base rates.

On October 23, 2006, DTI filed an "Answer In Opposition To Late-Filed Motion To Intervene And Comments Of Individual." According to DTI's answer, it objects to the late-filed intervention and also sets forth explanations to concerns purportedly raised by Michael J. Wilhelm. The Commission's records do not reflect any intervention and comments filed by Michael J. Wilhelm in this proceeding. Accordingly, the Commission rejects DTI's answer as moot.

**ACTIVITIES:**

October 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

October 27, 2006 - The Commission issued an order accepting this filing.

**Docket RP07-20**  
**Texas Eastern Transmission, LP**  
**Annual Interruptible Reconciliation Report**

**DATE FILED:** October 17, 2006

**BACKGROUND:**

On October 17, 2006, Texas Eastern tendered for filing a number of tariff sheets as part of its FERC Gas Tariff, Seventh Revised Volume No. 1 and First Revised Volume No. 2 to be effective December 1, 2006. In addition, Texas Eastern submitted its Annual Interruptible Reconciliation Report. Texas Eastern states that the impact of these filings on Texas Eastern's system rates for the upcoming winter season equates to an overall decrease of 11.25 cents in the 100% load factor price for typical long-haul service under Rate Schedule FT-1 from the Access Area Zone East Louisiana to Market Zone M3.

On December 1, 2006, Texas Eastern Transmission, LP (Texas Eastern) filed the referenced tariff sheet to correct a typographical error. Texas Eastern states that it is submitting the above referenced tariff sheet to correct an inadvertent typographical error that was contained in the corresponding tariff sheet filed in its October 17, 2006, Applicable Shrinkage Adjustment determinations filing, which was accepted effective December 1, 2006, by letter order dated November 8, 2006, in Docket No. RP07-20-000. Texas Eastern further states that the corrected tariff sheet reflects a lower applicable shrinkage percentage of 3.97 percent for M2 to M3 transportation service during the non-winter season, April 1, 2007, through November 30, 2007. The referenced tariff sheet is accepted effective December 1, 2006, as proposed.

**ACTIVITIES:**

October 27, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

December 21, 2006 - The Commission issued an order accepting this filing

**Docket RP07-27**  
**Texas Eastern Transmission, LP**  
**Modify Tariff Provision Language**

**DATE FILED:** October 18, 2006

**BACKGROUND:**

On October 18, 2006, Texas Eastern tendered for filing a number of tariff sheets as part of its FERC Gas Tariff, Seventh Revised Volume No. 1 to be effective November 18, 2006. Texas Eastern states that the purpose of this filing is to: 1) remove outdated provisions relating to the implementation of Order Nos. 636, *et seq.*; 2) remove all references to the capacity on Texas Gas Transmission Corporation and Trunkline Gas Company used by Texas Eastern as "operational loop" capacity; 3) clarify the description of the LINK® System; 4) modify the process by which firm customers may exchange Operational Segment Capacity Entitlements and Firm Point(s) of Receipt; 5) modify the zone boundary entry and exit quantities; and 6) make other miscellaneous changes to various provisions.

Texas Eastern Transmission, LP (Texas Eastern) filed, in Docket No. RP07-27-000, the tariff sheets listed in Appendix A. On October 27, 2006, Texas Eastern filed, in Docket No. RP07-27-001, Sub Third Revised Sheet No. 610 to its FERC Gas Tariff, Seventh Revised Volume No. 1. Third Revised Sheet No. 610 is rejected as moot and the remaining tariff sheets listed on Appendix A and Sub Third Revised Sheet No. 610 are accepted effective November 18, 2006, as requested.

On October 18, 2006, Texas Eastern tendered tariff sheets to: (i) remove outdated provisions related to the implementation of Order Nos. 636, *et seq.* on its system; (ii) remove all references to the capacity on Texas Gas and Trunkline used by Texas Eastern as "operational loop" capacity; (iii) clarify the description of the location on the LINK® System where the Base Segment Capacity Entitlements and the Operational Segment Capacity Entitlements for customers holding capacity under Rate Schedules CDS, FT-I and SCT is displayed; (iv) modify the process by which firm customers may exchange Operational Segment Capacity Entitlements and Firm Point(s) of Receipt; (v) modify the zone boundary entry and exit quantities reflected on Exhibit C to the Form of Service Agreement for Rate Schedules CDS, FT-I and SCT and Exhibit B to the Form of Service Agreement for Rate Schedule SS-I; and (vi) make other miscellaneous changes to various provisions.

On October 27, 2006, Texas Eastern tendered Sub Third Revised Sheet No. 610 to reinstate language pertaining to the July 1, 1993 open season that was inadvertently deleted on Third Revised Sheet No. 610, which was tendered with the October 18 filing.

**ACTIVITIES:**

October 27, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

November 14, 2006 – The Commission issued an order accepting this filing.

**Docket CP07-1**  
**Transcontinental Gas Pipe Line, Corp.**  
**Pipeline Facility Abandonment**

**DATE FILED:** October 5, 2006

**BACKGROUND:**

On October 5, 2006, Transco filed an application under Section 7 of the Natural Gas Act, to abandon a portion of the firm transportation service provided to the City of Bessemer City, North Carolina, dated February 1, 1992, under Transco's Rate Schedule FT ("Service Agreement"). The primary term of the Service Agreement ended on December 31, 2001, but continues pursuant to an evergreen provision.

This order grants Transcontinental Gas Pipe Line Corporation (Transco) permission to abandon service under the firm transportation agreement as requested in the above docket.

On October 5, 2006, Transco filed, pursuant to section 7(b) of the Natural Gas Act (NGA) and Part 157.18 of the Commission's regulations, for permission and approval to abandon a portion of the firm transportation service provided to the City of Bessemer City, North Carolina (Bessemer City) under Transco's Rate Schedule FT pursuant to a Service Agreement dated February 1, 1992. Specifically, Transco is requesting authorization to abandon 600 Dt/day of firm transportation contract quantity (TCQ) provided to Bessemer City under Transco's Rate Schedule FT. Consistent with sections 157.7 and 157.18 of the Commission's regulations, Transco provided a statement supporting the reason for the abandonment and the necessary exhibits under Part 157.18.

Pursuant to the service agreement dated February 1, 1992, Transco provides up to 2.070 Dt/day of firm transportation service, on a telescoped basis, to Bessemer City under Rate Schedule FT. By letter dated May 22, 2006, Bessemer City notified Transco that it desired to effectuate a prearranged permanent release of 600 Dt/day, on a telescoped basis, pursuant to the terms of section 42.14 of the General Terms and Conditions of Transco's tariff. Following the receipt of the authorization requested Bessemer City will permanently release 600 Dt/day of firm transportation capacity to a prearranged replacement buyer, who will acquire the service at maximum rates. Transco states that section 7(b) abandonment authorization is required because the FT transportation service for Bessemer City was previously converted from firm sales service pursuant to Transco's revised Stipulation and Agreement in Docket Nos. RP88-68, *et al.* Transco states that the settlement in that proceeding provides that pre-granted abandonment shall not apply to such conversions. Transco proposes to abandon the portion of the firm transportation service once the necessary approvals have been obtained and the prearranged permanent release is implemented.

The record in this proceeding includes the application and exhibits thereto, submitted in support of the authorization sought herein. Since the transportation service is no longer required and no one has objected to the proposal, the public convenience and necessity requires that abandonment of this service be granted. No facilities are to be abandoned; therefore, no environmental impact is involved.

Accordingly, permission for and approval of the abandonment of a portion of the firm transportation service under Rate Schedule FT with Bessemer City, as described above and in the application, is granted effective on the implementation date of the permanent release by Bessemer City.

This action is taken pursuant to authority delegated to the Director, Division of Tariffs and Market Development - East under 18 C.F.R. § 375.307 (2006). This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order pursuant to 18 C.F.R. § 385.713 (2006).

**ACTIVITIES:**

October 24, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

November 7, 2006 – The Commission issued an order approving abandonment of these facilities.

**Docket CP07-7**  
**Transcontinental Gas Pipe Line, Corp.**  
**Pipeline facility Abandonment**

**DATE FILED:** October 11, 2006

**BACKGROUND:**

On October 11, 2006, Transco tendered for filing an application to abandon a portion of the firm transportation service to the city of Shelby, North Carolina under Transco's Rate Schedule FT.

This order grants Transcontinental Gas Pipe Line Corporation (Transco) partial abandonment of firm transportation service as requested in the above docket.

On October 11, 2006, Transco filed, pursuant to section 7(b) of the Natural Gas Act (NGA) and Part 157.18 of the Commission's regulations, for permission and approval to abandon a portion of the firm transportation service provided to the City of Shelby, North Carolina (Shelby) pursuant to a Service Agreement dated February 1, 1992 under Transco's Rate Schedule FT. Transco requests authorization to abandon 4,663 Dth/day out of the 12,006 Dth/day of the transportation contract quantity (TCQ) provided to Shelby under Transco's Rate Schedule FT. Consistent with sections 157.7 and 157.18 of the Commission's regulations, Transco provided a statement supporting the reason for the abandonment and the necessary exhibits under Part 157.18.

Pursuant to the service agreement dated February 1, 1992, Transco provides up to 12,006 Dth/day of firm transportation service to Shelby under Rate Schedule FT. By letters dated June 30, 2006 and July 31, 2006, Shelby notified Transco that it desired to reduce its TCQ under the Service Agreement by a total of 4,663 Dth/day in order to effectuate a permanent release of that capacity pursuant to the terms of section 42.14 of the General Terms and Conditions of Transco's tariff. Following the receipt of the authorization requested, Shelby will effectuate two permanent releases totaling 4,663 Dth/day of firm capacity transportation capacity to replacement buyers, who will acquire service at maximum rates. Transco states that section 7(b) abandonment authorization is required because the FT transportation service for Shelby was previously converted from firm sales service pursuant to Transco's revised Stipulation and Agreement in Docket No. RP88-68, *et al.* Transco states that the settlement in that proceeding provides that pre-granted abandonment shall not apply to such conversions. Transco proposes to abandon the portion of the firm transportation service to Shelby once the necessary approvals have been obtained and the prearranged permanent release is implemented.

The record in this proceeding includes the application and exhibits thereto, submitted in support of the authorization sought herein. Since the transportation service

is no longer needed and no one has objected to the proposal, the public convenience and necessity requires that abandonment of this service be granted. No facilities are to be abandoned; therefore, no environmental impact is involved.

Accordingly, permission for and approval of the abandonment of a portion of the firm transportation service under Rate Schedule FT with Shelby, as described above and in the application, is granted effective on the implementation date of the permanent release by Shelby.

This action is taken pursuant to authority delegated to the Director, Division of Tariffs and Market Development – East under 18 C.F.R. § 375.307 (2006). This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order pursuant to 18 C.F.R. § 385.713 (2006).

**ACTIVITIES:**

November 6, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to *protect its interest in this case*.

November 28, 2006 – The Commission issued an order approving abandonment of these facilities.

**Docket RP07-57**  
**Transcontinental Gas Pipe Line, Corp.**  
**GSS and LSS Storage Rate Changes**

**DATE FILED:** November 3, 2006

**BACKGROUND:**

Transco states that the purpose of the instant filing is to track rate changes attributable to storage services purchased from Dominion Transmission, Inc. (DTI) under its Rate Schedule GSS, the costs of which are included in the rates and charges payable under Transco's Rate Schedule GSS and LSS. This filing is being made pursuant to tracking provisions under Section 3 of Transco's Rate Schedule GSS and Section 4 of Transco's Rate Schedule LSS. Included in Appendix B attached to the filing is the explanation of the rate changes and details regarding the computation of the revised GSS and LSS rates.

On November 3, 2006, Transcontinental Gas Pipe Line Corporation (Transco) filed, pursuant to the tracking provisions under section 3 of Transco's Rate Schedule GSS and section 4 of Transco's Rate Schedule LSS, the referenced tariff sheets to track rate changes attributable to storage services purchased from Dominion Transmission, Inc. (Dominion) under Dominion's Rate Schedule GSS. The costs of the storage services purchased from Dominion are included in the rates and charges payable under Transco's Rate Schedules GSS and LSS. The referenced tariff sheets are accepted effective November 1, 2006, as proposed, subject to refund and the outcome of the technical conference established in Docket Nos. RP06-635-000. et al.

**ACTIVITIES:**

November 10, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

November 22, 2006 - The Commission issued an order accepting this filing.

**Docket RP07-59**  
**Transcontinental Gas Pipe Line, Corp.**  
**Refund Report**

**DATE FILED:** November 3, 2006

**BACKGROUND:**

This is to advise you that the referenced report filed by Transcontinental Gas Pipe Line Corporation (Transco) on November 3, 2006, is accepted for filing. The report reflects that on October 27, 2006, Transco refunded \$2,807,652.52, inclusive of \$168,710.23 in interest, of penalty revenues to affected shippers in accordance with section 54 of the General Terms and Conditions of its tariff. The refunds are for penalties collected from shippers during the period of October 1, 2004, through July 31, 2006.

**ACTIVITIES:**

November 13, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

December 5, 2006 - The Commission issued an order accepting this filing

**Docket CP07-10**  
**Dominion Transmission, Inc.**  
**Pipeline Facility Abandonment**

**DATE FILED:** October 17, 2006

**BACKGROUND:**

Take notice that on October 17, 2006, Dominion Transmission, Inc. (Dominion), filed with the Commission an application, pursuant to Section 7(c) of the Natural Gas Act, for authorization to (1) construct, install, own, operate, and maintain certain natural gas facilities in Wyoming, Boone, and Raleigh Counties, West Virginia, and (2) provide a service under Dominion's new Rate Schedule ACS, as part of its FERC Gas Tariff, which provides for the terms and condition under which it will allow access at certain receipt points on Dominion's TL-263 pipeline facilities in southern West Virginia related to the proposed facilities, as more fully set forth in the application which is open to public inspection.

On October 27, 2006, Dominion filed an application for authorization to construct, install, own, operate, and maintain certain natural gas facilities in Wyoming, Boone, and Raleigh counties, West Virginia, and provide a service under Dominion's new rate schedule ACS as part of its FERC gas tariff, which provides for the terms and conditions allowing access at certain receipt points on Dominion's TL-263 pipeline facilities in southern West Virginia.

Dominion also proposes to construct and operate expansion facilities that would allow Dominion to accept an additional 21,250 dekatherm equivalent of natural gas production into transmission line TL-263. Specifically Dominion plans to construct a partial loop of TL-263, replace six sections of TL-263, and improve facilities at the Loup Creek compressor station.

**ACTIVITIES:**

October 27, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

November 16, 2006 - The Commission issued an order accepting this filing

**Docket RP07-67**  
**Texas Eastern Transmission, Inc.**  
**Modify Tariff Provision Language**

**DATE FILED:** November 13, 2006

**BACKGROUND:**

On November 13, 2006, Texas Eastern Transmission, LP (Texas Eastern) filed the referenced tariff sheets to clarify certain aspects of its tariff and remove out dated tariff language. The revised tariff sheets clarify, among other things: 1) certain sections of the Imbalance Resolution Procedures in Rate Schedule PAL (Park and Loan), LLIT and its General Terms & Conditions (GT&C); 2) the Allocation of Receipts and Deliveries in section 18 of its GT&C; and 3) that the imbalance levels used in the cash-out calculation include the upper limit of each imbalance percentage range. The Commission accepts the proposed tariff sheets to become effective December 13, 2006, as requested and denies a protest by an intervening party.

Public notice of Texas Eastern's filing was issued November 17, 2006, with interventions and protests due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2006)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2006)), 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. BP America Production Company and BP Energy Company (collectively referred to as BP) filed a protest and Texas Eastern filed an answer to BP's protest. The Commission's rules of practice and procedure generally prohibit answers to protests or answers. Accordingly, the Commission will not accept Texas Eastern's answer in this proceeding because it is not necessary to understand or clarify the issues in this case. BP's protest is discussed below.

In its protest, BP states that the Commission should address several provisions of Texas Eastern's Rate Schedule PAL which it believes do not comply with Commission policy, even though Texas Eastern is not seeking to revise these portions of the Rate Schedule. First, BP requests the Commission to clarify that the three-day delivery period in section 7.3 of Texas Eastern's PAL rate schedule should apply to the Redelivery Provision of section 7.6. Second, BP contends that Texas Eastern should be required to extend the duration of a PAL contract, upon request by the Customer if the Customer is willing to pay the recourse rate, and there is available capacity. Finally, BP requests that the Commission clarify that no penalty applies under the loaned gas cash-out provision in section 7.6 if Texas Eastern is unable to schedule the redelivery nomination.

BP's request that the Commission require Texas Eastern to clarify certain aspects of the PAL rate schedule is rejected as being outside the scope of the issues raised by the instant filing. The issues raised by BP are not related to or affected by the changes proposed by

Texas Eastern, and thus the Commission will not require Texas Eastern to make BP's requested changes in the instant filing. This is without prejudice to BP's right to file a complaint under NGA section 5 if it believes that Texas Eastern's existing tariff is unjust or unreasonable. Accordingly, Texas Eastern's proposed changes are found to be just and reasonable and the tariff sheets referenced in the Appendix are accepted, without condition, to become effective December 13, 2006 as proposed.

**ACTIVITIES:**

November 22, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

December 13, 2006 – The Commission issued an order accepting this filing.

**Docket CP07-20**  
**Texas Eastern Transmission, Inc.**  
**Pipeline Facility Abandonment**

**DATE FILED:** November 6, 2006

**BACKGROUND:**

On November 6, 2006, Texas Eastern filed an abbreviated application with the Commission for a certificate of public convenience and necessity pursuant to section 7(b) of the Natural Gas Act and Part 157 of the Commission's Rules and Regulations for authorization to abandon certain inactive services performed pursuant to Texas Eastern Rate Schedules X-10, X-48, X-55, X-61, X-97, X-116, and X-119.

**ACTIVITIES:**

November 22, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

November 27, 2006 - The Commission issued a notice of abbreviated application for a certificate of public convenience and necessity for authorization to abandon transportation service.

**Docket RP07-71**  
**Transcontinental Gas Pipe Line, Corp.**  
**S-2 Storage Rate**

**DATE FILED:** November 17, 2006

**BACKGROUND:**

On November 17, 2006, 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 under Texas Eastern Transmission, LP's Rate Schedule X-28. The costs of the Rate Schedule X-28 storage service are included in the rates and charges payable under Transco's Rate Schedule S-2. The referenced tariff sheet is accepted effective December 1, 2006, as proposed.

**ACTIVITIES:**

November 27, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

December 5, 2006 - The Commission issued an order accepting this filing.

**Docket RP07-97**  
**Dominion Transmission, Inc.**  
**Refunctionalize Transmission Facilities to Gathering**

**DATE FILED:** December 1, 2006

**BACKGROUND:**

On December 1, 2006, DTI tendered proposed revised tariff sheets with a requested effective date of January 1, 2007. According to DTI, these proposed tariff sheet revisions:

1. Reflect the refunctionalization of certain transmission facilities to gathering, consistent with authority provided by Commission in its November 22, 2006 order in Docket No. CP06-83, *Dominion Transmission, Inc.*, 117 FERC ¶ 61,233 (2006);
2. Make corrections to the tariff to list eleven lines with the correct "TL" (i.e., transmission) designation, which lines were previously incorrectly omitted or are currently listed with an incorrect "H" designation;
3. Delete a certain line reference that has been renumbered; and
4. Revise the tariff classifications of twenty-one lines to correct their designations as wet or dry systems.

On December 1, 2006, Dominion Transmission, Inc. (Dominion) filed the referenced tariff sheets to reflect the reclassified facilities.<sup>7</sup> The referenced tariff sheets are accepted to become effective January 1, 2007, as requested.

The proposed revisions include (a) renumbering "D" lines as "H" lines to denote gathering facilities and one line currently listed with the "H" line classification is being changed from transmission to gathering, (b) adding eleven lines to correct previous omissions from its Volume 1A or to redesignate "H" lines to the proper "TL" transmission designation, (c) deletion of a line reference that have been renumbered, and (d) revisions to the classifications of twenty-one lines to correct their designations as wet or dry systems.

**ACTIVITIES:**

December 11, 2006 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

December 15, 2006 – The Commission issued an order accepting this filing.

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<sup>7</sup> On November 27, 2006, in 117 FERC ¶61,233 (2006), the Commission issued an Order authorizing Dominion Transmission, Inc. to refunctionalize various lines from transmission to gathering. On December 13, 2006, the Commission issued an errata notice to correct an inaccurate facility reference from D-172 to D-712.

**Docket RP07-127**  
**Texas Eastern Transmission, Inc.**  
**Electric Power Cost (EPC) Adjustment**

**DATE FILED:** December 29, 2006

**BACKGROUND:**

Take notice that on December 29, 2006, 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 B to the filing, to become effective February 1, 2007.

Texas Eastern states that these revised tariff sheets are filed pursuant to Section 15.1, Electric Power Cost (EPC) Adjustment, of the General Terms and Conditions of Texas Eastern's FERC Gas Tariff, Seventh Revised Volume No. 1. Texas Eastern states that Section 15.1 provides that Texas Eastern shall file, to be effective each February 1, revised rates for each applicable zone and rate schedule, based upon the projected annual EPC required for the operation of transmission compressor stations with electric motor prime movers. The revised tariff sheets also reflect the EPC Surcharge, which is designed to clear the balance in the Deferred EPC Account.

Texas Eastern states that all costs of electric power compression required for the incremental services under the Freehold Project and the M-1 Expansion Project are appropriately assigned to the incremental projects as required by the Commission orders certifying those projects. In addition, Texas Eastern states that it has based its EPC allocation to the TIME Project on the methodology set forth in the Commission approved joint settlement in Docket Nos. RP03-542, et al.

Texas Eastern states that generally, the revised tariff sheets reflect an increase in Texas Eastern's EPC Adjustment. For example, the proposed rate changes to the primary firm capacity reservation charges, usage rates and 100% load factor average costs for full Access Area Boundary service from the Access Area Zone, East Louisiana, to the three market area zones are as follows:

Zone	Reservation	Usage	100% Load
Market 1	\$0.035/Dth	\$0.0012/Dth	\$0.0024/Dth
Market 2	\$0.104/Dth	\$0.0040/Dth	\$0.0074/Dth
Market 3	\$0.152/Dth	\$0.0056/Dth	\$0.0106/Dth

Texas Eastern states that copies of its filing have been served upon all affected customers of Texas Eastern and interested state commissions.

**ACTIVITIES:**

January 5, 2007 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

January 8, 2007 - The Commission issued an order accepting this filing

**Docket CP88-391-033 and RP93-162-013  
Transcontinental Gas Pipe Line, Corp.  
Restatement of Prior Period Cash-out Reports**

**DATE FILED:** December 21, 2006

**BACKGROUND:**

On December 21, 2006, Transco tendered for filing revised cash-out reports for the annual periods ended July 31, 2002, 2003, 2004, and 2005. Based on revised calculations, Transco proposes to: 1) surcharge appropriate shippers \$2.3 million that Transco believes was over-refunded to such shippers in 2001; and 2) refund appropriate shippers an additional \$10.0 million that was under-refunded to such shippers in 2005. Transco requests that the Commission issue an order that accepts and approves the revised cash-out reports and authorizes Transco to make the appropriate refunds and surcharges to each shipper, as necessary.

**ACTIVITIES:**

January 4, 2007 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

January 8, 2007 - The Commission issued an order accepting this filing

**Docket CP07-31**  
**Dominion Transmission, Inc.**  
**USA Storage Project.**

**DATE FILED:** December 8, 2006

**BACKGROUND:**

On December 8, 2006, DTI filed an application for a certificate of public convenience and necessity ("Certificate"), seeking authority to construct, install, own, operate and maintain facilities in Pennsylvania, Virginia, Maryland, West Virginia, and New York (the "USA Storage Project"), in accordance with Section 7 of the Natural Gas Act. The USA Storage Project will provide additional firm natural gas storage of 73,502 Dt/day of storage deliverability, 4,410,120 Dt of storage capacity, and firm transportation service of 184,994 Dt/day. The project has been fully subscribed to by four customers for a term of 15 years.

**ACTIVITIES:**

January 8, 2007 - Philadelphia Gas Works ("PGW") filed a motion to intervene request to protect its interest in this case.

December 18, 2006 – The Commission issued an order noticing this filing.