FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

November 15, 2005

In Reply Refer To:
Dominion Transmission, Inc.
Docket No. RP96-383-068

Dominion Transmission, Inc.
120 Tredegar Street
Richmond, Virginia 23219

Attention: Machelle F. Grim
Manager, Regulatory and Pricing

Reference: Fifteenth Revised Sheet No. 1300 and Eighth Revised Sheet No. 1400 to FERC Gas Tariff, Third Revised Volume No. 1

Dear Ms. Grim:

1. On October 17, 2005, Dominion Transmission, Inc. (Dominion) filed the referenced tariff sheets to disclose the continuation of an existing negotiated rate agreement between Dominion and Virginia Power Services Energy, Corporation, Inc. (VPSE). Dominion also filed a copy of the service agreement with VPSE, which became effective on April 1, 2001. Dominion requests that the Commission waive its notice requirements, and accept the referenced tariff sheets effective October 18, 2005. For good cause shown, waiver is granted. The Commission accepts the tariff sheets effective October 18, 2005, and the service agreement effective on its effective date, subject to conditions as discussed below.

2. Public notice of the filing was issued on October 19, 2005. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2005)). Pursuant to Rule 214 (18 C.F.R. §385.214 (2005)), all timely filed motions to intervene and any motions to intervene out-of-time filed by the issuance date of this order are granted.

3. Dominion states that it inadvertently deleted Third Revised Sheet No. 1401, which previously set forth the details of the existing agreement between Dominion and VPSE. Dominion asserts that it is submitting Eighth Revised Sheet No. 1400, to replace Third Revised Sheet No. 1401.[1] Eighth Revised Sheet No. 1400 sets forth the same elements of the underlying agreement that used to be stated on Third Revised Sheet No. 1401 with regard to the applicable rate schedule, the rate to be charged, the receipt and delivery points, the Maximum Daily Transportation Quantity and the Maximum Annual Transportation Quantity. Eighth Revised Sheet No. 1400 also states that the subject agreement shall be in effect from April 1, 2001 through October 31, 2001, and for each summer period thereafter, until either party terminates the agreement by giving written notice on or before the November 1 prior to the start of the next summer period.

4. Finally, Dominion asserts that the effective service agreement materially deviates from the form of service agreement in Dominion's tariff, because it permits either party to terminate the agreement upon five months notice, rather than upon 12 months notice as required under the standard evergreen clause in Dominion's form of service agreement for Rate Schedule FT.[2] Dominion states that this provision was part of the agreement with VPSE since its inception four years ago, but that Dominion now considers it to be a material deviation and thus has included both the underlying agreement in its instant filing, as well as revising Sheet No. 1300 to include the VPSE agreement on its list non-conforming service agreements.

5. Dominion states that the shortened termination notice period in the VPSE agreement does not present a risk of undue discrimination because it allows Dominion to terminate the negotiated rate transaction if Dominion determines another party will pay more for the capacity. This, Dominion asserts, is consistent with Commission policy of awarding capacity to the party who values it most. Additionally, Dominion states that a twelve-month notice of termination is not necessary since the right of first refusal is not available to parties who hold negotiated rate contracts. Finally, Dominion notes that the

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[1] Currently effective Substitute Fourth Revised Sheet No. 1401 sets forth the details of a negotiated rate agreement between Dominion and Onondaga Cogeneration Limited Partnership.

[2] Dominion's form of service agreement for Rate Schedule FT states:

> Subject to all the terms and conditions herein, this Agreement shall be effective as of _________, and shall continue in effect for a primary term of _________, and from year to year thereafter, until either party terminates this Agreement by giving written notice to the other at least twelve months prior to the start of the next contract year.

Commission recently approved negotiated rate transactions which had notice of termination provisions shorter in duration from the notice of termination contained in the form of service agreement.[3]

6. The Commission accepts the non-conforming notice provision. That provision does not affect the quality of service received by VPSE or other shippers, and is a sufficiently minor deviation from the standard evergreen clause in the form of service agreement that it does not present a risk of undue discrimination.

7. Dominion's agreement with VPSE also includes a provision governing the minimum pressure of the gas to be received by Dominion at the receipt point listed in the agreement. This provision, which is not contained in Dominion's form of service agreement, requires that "each of the parties will use due care and diligence to ensure that uniform pressures will be maintained at the Receipt Point as reasonably may be required to render service hereunder, but Pipeline shall not be required to accept gas at less than the minimum pressures specified herein." The provision then specifies a minimum pressure of 575 pounds per square inch gauge.

8. Dominion states that it does not consider this provision to be a material deviation "because it is non-specific and applies to all customers as part of [Dominion's] generally applicable GT&C of its tariff." Section 5 of Dominion's GT&C governs the *maximum* pressure at which Dominion is required to deliver gas to the shipper at its *delivery* point, including an authorization for Dominion and the shipper to negotiate, and include in the service agreement, a specific maximum pressure requirement for deliveries. However, the Commission has found no comparable provision in Dominion's GT&C concerning the negotiation of *minimum* pressure requirements at the shipper's *receipt* point. The Commission has held that minimum pressure provisions relate to the operational conditions of transportation service on the pipeline and affect the quality of service to be received by the shipper.[4] Thus, such provisions may not be negotiated absent a provision in the tariff authorizing such negotiation. Accordingly, the Commission conditions its acceptance of the VPSE agreement on Dominion's removing this provision from the VPSE service agreement within 15 days. Alternatively, Dominion may modify its tariff to provide for minimum or mutually-negotiable pressure at receipt points for all similarly situated shippers.

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[3] Dominion cites two letter orders issued on January 7, 2005 in Docket No. RP96-383-061 and on February 28, 2005 in Docket No. RP96-383-063, which accepted a forty-five day notice of termination and a one month notice of termination, respectively.

[4] *Columbia Gas Transmission Corp.*, 97 FERC ¶ 61,221 at 62,004 (2001).

9. Dominion is directed to make the revisions to the VPSE service agreement or its tariff as discussed above within 15 days of the date of this order.

By direction of the Commission.

Magalie R. Salas,
Secretary.

cc: All Parties
Public File

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