

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

October 13, 2006

In Reply Refer To:
Discovery Gas Transmission, L.L.C.
Docket No. RP06-595-000

Discovery Gas Transmission, L.L.C.
2800 Post Oak Boulevard
Houston, TX 77056

Attention: Larry Jensen
Regulatory Affairs Manager

Reference: Negotiated Rate Authority Provisions

Ladies and Gentlemen:

1. On September 15, 2006, Discovery Gas Transmission, L.L.C., (Discovery) filed revised tariff sheets¹ to incorporate into section 29 of its General Terms and Conditions (GT&C) provisions allowing Discovery and a shipper to enter into negotiated rate agreements. Specifically, Discovery's proposal: (1) sets forth record-keeping requirements for Discovery; (2) delineates when Discovery must file any negotiated rate agreement with the Commission; (3) clarifies that while a negotiated rate is in effect, the generally applicable maximum tariff rate does not apply to the agreement; and (4) clarifies that the negotiated rate authority does not authorize Discovery and a shipper to negotiate terms and conditions of service.

2. Discovery also proposes to incorporate into its negotiated rate provisions tariff language clarifying that its capacity release provisions do not apply to shippers receiving firm transportation service under negotiated rate contracts that do not include reservation rates. Discovery notes that its current Rate Schedule FT-2 uses a volumetric rate. Under its current tariff, Discovery states it is not allowed to release capacity under Rate

¹ First Revised Sheet No. 22, Original Sheet No. 23, Sixth Revised Sheet No. 108, First Revised Sheet No. 199, and Original Sheet No. 199A to its FERC Gas Tariff, Original Volume No. 1.

Schedule FT-2 since the contracts do not include reservation rates. Discovery states that it proposes to incorporate this clarification into its negotiated rate provisions to make them consistent with its existing capacity release provisions with regard to Rate Schedule FT-2 service.

3. Finally, Discovery proposes to incorporate into its GT&C a table where it will summarize pertinent parameters of all negotiated rate agreements it files with the Commission. Its proposed summary table includes the shipper name, applicable rate schedule, negotiated rate, term of agreement, contract capacity, primary delivery points, and primary receipt points. Discovery states that its proposed negotiated rate authority tariff language is similar to negotiated rate tariff provisions set forth in the tariffs of other pipelines, citing Texas Eastern Transmission, L.P. (Sheet Nos. 645 and 645A) and High Island Offshore System, L.L.C., (Sheet Nos. 171 and 172).

4. Notice of Discovery's filing was issued on September 21, 2006, allowing for protests as provided by section 154.210 of the Commission's regulations. 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 this proceeding or place additional burdens on existing parties. No party filed a protest or adverse comments.

5. Discovery's proposed negotiated rate authority provisions are unopposed and conform to Commission policy. Accordingly, we accept Discovery's revised tariff sheets effective October 15, 2006, as proposed.

By direction of the Commission.

Magalie R. Salas,
Secretary.