

121 FERC ¶ 61,021  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
Philip D. Moeller, and Jon Wellinghoff.

Transcontinental Gas Pipe Line Corporation

Docket No. CP06-421-002

ORDER AMENDING CERTIFICATE

(Issued October 5, 2007)

1. On August 17, 2007, Transcontinental Gas Pipe Line Corporation (Transco) filed a petition to amend the authorization issued in *Transcontinental Gas Pipe Line Corporation*, 119 FERC ¶ 61,039 (April 12, 2007).<sup>1</sup> The April 12 order authorized Transco to abandon, construct, and operate pipeline facilities in Virginia (the Potomac Expansion Project).

2. In its petition to amend, Transco proposes to revise the cost of the facilities to reflect facility modifications required by the April 12 order as well as increased costs, to revise the initial rates for the project, and to phase in the initial rates. For the reasons discussed below, we will authorize Transco's proposals.

**I. Background**

3. The April 12 order authorized Transco to abandon, construct, and operate facilities in Pittsylvania, Campbell, and Fairfax Counties, Virginia in order to transport up to 165,000 dekatherms (Dth) of natural gas per day to Baltimore Gas and Electric Company, Columbia Gas of Virginia, and Washington Gas Light Company.

4. As part of the facilities to be constructed in Fairfax County, Transco proposed to replace by abandonment and removal approximately 3.18 miles of existing 30-inch

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<sup>1</sup> We denied a request for stay of the construction of the Fairfax County facilities in *Transcontinental Gas Pipe Line Corporation*, 119 FERC ¶ 61,284 (2007). We also denied requests for rehearing and reconsideration of the April 12 order in *Transcontinental Gas Pipe Line Corporation*, 120 FERC ¶ 61,181 (2007).

diameter pipeline with approximately 3.43 miles of 42-inch diameter pipeline (Line D)<sup>2</sup> and to install pig launcher and receiver facilities<sup>3</sup> on a strip of land owned by the Virginia Run Community Association (VRCA).<sup>4</sup> Currently, Transco owns and operates two 30-inch diameter pipelines (Lines A and B) and one 36-inch diameter pipeline (Line C) on VRCA's land. Transco proposed to install the pig launcher and receiver facilities on Line B in order to retrieve the pigs from Line B and insert them into proposed Line D.

5. Because of opposition to the pigging facilities, Transco modified its proposals, in part, by eliminating the need for a pig receiver. Specifically, under the modified proposals, Transco proposed to install in 2007 the pig launcher and associated valves and piping for Line D as originally contemplated and to construct a temporary 20-inch tap valve at Line A to connect Line A to Line D. In 2008, Transco proposed to remove the 20-inch tap valve at Line A and install a piggable "Y" to connect Line B to Line A, as well as to construct a 30-inch mainline valve on Line A and a 30-inch mainline valve on Line B. The piggable "Y" would eliminate the need for a pig receiver and associated valves and pipes for Line B by allowing pigs to pass from Line B to Line A.

6. The April 12 order authorized Transco to construct and operate pig launcher facilities for Line D and to construct and operate temporary facilities to connect Line B to Line A, conditioned on Transco's installing a piggable "Y" under section 2.55(a) of the Commission's regulations within 18 months of the date of the order or demonstrating that the piggable "Y" was not technologically feasible. Until the feasibility of the piggable "Y" was determined, we required Transco to submit quarterly reports detailing the status of feasibility studies, as well as the construction progress for the piggable "Y." In the event that Transco determined that the piggable "Y" was not technologically feasible, we required Transco to submit, for our approval, reports to justify its conclusion and to file a revised plan.

7. For the Potomac Expansion shippers, Transco proposed to provide firm transportation service under Rate Schedule FT, subject to the terms and conditions of its tariff. The April 12 order approved Transco's \$0.24947 per Dth incremental daily maximum reservation rate based on the straight fixed-variable rate design methodology

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<sup>2</sup> We authorized Transco to abandon in place an existing 0.25 mile portion of pipeline under road crossings in Fairfax County.

<sup>3</sup> A pipeline "pig" is a device used to clean or inspect the pipeline. A pig launcher or receiver is an above-ground facility where pigs are inserted into or retrieved from the pipeline.

<sup>4</sup> The VRCA is a community association of approximately 1,400 homes in Fairfax County.

and an incremental cost of service, and a maximum commodity rate of zero. The Potomac Expansion shippers are also subject to electric power, fuel retention, annual charge adjustment, and other generally applicable charges and surcharges under Rate Schedule FT.

## II. Proposals

### A. Changed Facilities and Additional Facility Costs

8. Originally, Transco estimated the cost of the Potomac Expansion Project to be \$73,654,000 and that the facilities would be placed in service by November 1, 2007. Now, Transco states that project costs have increased. In addition, in a September 28, 2007 filing, Transco states that “studies performed by the ‘Y’ vendor and the smart pig vendor conclude that the piggable ‘Y’ is technologically feasible” and that it plans to install the piggable “Y” in 2008 under section 2.55(a) of the regulations.

9. For these reasons, Transco proposes to amend the authorization granted in the April 12 order to revise the estimated cost of the Potomac Expansion Project. Transco estimates that the cost of the facilities to be placed in service by November 1, 2007, will increase by \$8.8 million, reflecting higher contractor and material costs due to the limited availability of pipe, pipeline contractors, equipment, and inspectors.<sup>5</sup> In addition, Transco proposes to include in the Potomac Expansion costs the \$5.2 million associated with the piggable “Y” and related facilities that are anticipated to be placed in service on October 1, 2008.<sup>6</sup> As a result, Transco now estimates the total cost of the project to be \$87,704,626.

### B. Proposed Initial Rates

10. As indicated, Transco now proposes to place the authorized Potomac Expansion facilities into service in two phases. Transco proposes to revise the approved initial incremental reservation rate for firm service from \$0.24947 to \$0.27925 per Dth for Phase 1 service, reflecting the increased cost of the facilities that will be placed into service on November 1, 2007 (the Phase 1 rates). Further, once the piggable “Y” facilities are placed into service as Phase 2, Transco proposes to increase its incremental reservation rate to \$0.28628 per Dth to reflect the additional costs associated with those facilities (the Phase 2 rates).<sup>7</sup> Specifically, Transco states that the Phase 1 rates are derived based on the cost-of-service of the Potomac Expansion facilities that will be

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<sup>5</sup> See Exhibit K of the amended application.

<sup>6</sup> *Id.*

<sup>7</sup> See Exhibit P of the amended application.

placed in service on November 1, 2007. Transco states that the Phase 2 rates are derived by combining the Phase 1 second year cost-of-service with the Phase 2 first year cost-of-service for the piggable “Y” and related facilities, such that a single, incremental cost-of-service is developed.<sup>8</sup>

### **III. Interventions**

11. Notice of Transco’s petition to amend was published in the *Federal Register* on September 7, 2007 (72 Fed. Reg. 51,427). There were no motions to intervene, notices of intervention, or protests to the amended application.

### **IV. Discussion**

12. Since the amended proposals herein involve facilities used to transport natural gas in interstate commerce subject to the jurisdiction of the Commission, the proposals are subject to the requirements of subsections (c) and (e) of section 7 of the Natural Gas Act.

13. The costs for Transco’s Potomac Expansion Project have increased due to higher contractor and material costs, reflecting the limited availability of pipe, pipeline contractors, equipment, and inspectors. In addition, the cost of the piggable “Y” was not contemplated when Transco filed its original application. Thus, we will approve Transco’s proposal to revise the estimated costs of the Potomac Expansion Project.

14. We will also approve Transco’s proposed Phase 1 and Phase 2 initial incremental reservation rates for service on the Potomac Expansion facilities. Transco derived the amended rates using the same cost variables and rate design approved in the April 12 order. Since Transco filed to revise its cost estimates and initial rates, we will modify Ordering Paragraph (F) in the April 12 order to reflect that Transco needs only to file with the Commission actual tariff sheets with the incremental rates no earlier than 60 days, and no later than 30 days, prior to the date the facilities go into service.

15. The Commission on its own motion received and made a part of the record in this proceeding all evidence, including the application and exhibits thereto, submitted in support of the authorizations sought herein, and upon consideration of the record,

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<sup>8</sup> Transco states that it will file to amend the certificate granted herein in advance of the Phase 2 rates being placed into service in the event the estimated cost of service for Phase 2, including the costs of the piggable “Y” facilities, materially changes or the piggable “Y” is determined not to be technologically feasible.

The Commission orders:

(A) Transco's revised costs and amended initial rates for the Potomac Expansion Project authorized in the April 12 order, as more fully described in this order and the amended application, are approved.

(B) Ordering Paragraph (F) in the April 12 order is modified as described above.

(C) In all other respects, the April 12 order shall remain in full force and effect.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Acting Deputy Secretary.