123 FERC ¶ 61,309
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 27, 2008

In Reply Refer To:
Dominion Transmission, Inc.
Docket No. RP96-383-086

Dominion Transmission, Inc.
120 Tredegar St, 6th Floor
Richmond, VA 23219

Attention: Daniel L. Verdun
Manager - Regulation

Reference: Eleventh Revised Sheet No. 1405 to FERC Gas Tariff,
Third Revised Volume No. 1

Dear Mr. Verdun:

1. On May 30, 2008, Dominion Transmission, Inc. (Dominion) filed the referenced tariff sheet to reflect negotiated rate agreements which reduce its gathering rate for seven pool operators[1] for volumes delivered to the Copley processing facility during the period June 1, 2008 through December 31, 2008. Dominion requests that the Commission waive its notice requirements and accept the referenced tariff sheet effective June 1, 2008. Waiver is granted and the referenced tariff sheet is accepted effective June 1, 2008, as requested.

2. Dominion states that, with the near-capacity operations at its Hasting processing facility, it explored alternate outlets to move a portion of its Appalachian wet gas volumes on its system. It states that one such outlet included the option of processing additional gas at its facility at Copley, West Virginia (Copley Option). On April 17, 2008, in Docket No. RP96-383-085, Dominion filed a tariff sheet to reflect a negotiated

[1] Dominion Field Services, Inc., Central Trading, Chesapeake Appalachia, LLC, North Coast Energy, Inc., Petroleum Development Corp., Riley Natural Gas Company, and Equitable Energy, LLC.

rate agreement to lower its negotiated rate for a pool operator who was willing to use the Copley, West Virginia gas processing facilities as an alternative outlet for a portion of its Appalachian wet gas volumes. Dominion states that, at that time, Dominion Field Services, Inc. was the only pool operator who agreed to participate. It states that on May 2, 2008, the Commission approved the reduced negotiated rates in an unpublished letter order.

3. Dominion states that, based on the data collected from the preliminary use of the Copley Option, it now believes that this option is viable and will help alleviate disruptions in production flows as the Hasting processing facility reaches its maximum capability. Dominion states that after it collected this data, it again solicited interest from pool operators in the area. It states that, this time, seven of its pool operators expressed interest in participating. Dominion states that, due to the higher costs that would be incurred by the pool operators that elect the Copley Option, it has offered to lower its gathering rate. It states that the pool operators were being charged a negotiated gathering rate of 9.25 percent of metered receipt volumes, inclusive of 4.3 percent fuel, and a negotiated rate products extraction rate of 3.25 percent, and will now be charged a reduced negotiated gathering rate of 6.4 percent. Dominion's proposed eleventh revised Sheet No. 1405 reflects the rate terms of the negotiated rate agreements with pool operators who have now agreed to participate in the Copley Option. Dominion states that the primary term of the agreement between Dominion and the pool operators is from June 1, 2008 through December 31, 2008. Dominion also states that, to the extent other pool operators on their system desire to participate in the Copley Option during this period, Dominion is willing to enter into an agreement on a comparable basis.

4. Public notice of the filing was issued on June 3, 2008. 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 (2007)), 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.

5. A request for further information was filed by the National Grid Gas Delivery Companies[2] (National Grid). Dominion filed an answer to National Grid's request.

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[2] The National Grid Delivery Companies are: Brooklyn Union Gas Company; KeySpan Gas East Corporation; Boston Gas Company; Colonial Gas Company; Essex Gas Company; Energy North Natural Gas, Inc.; Niagara Mohawk Power Corporation; and The Narragansett Electric Company.

While the Commission regulations do not permit the filing of answers to protests,[3] the Commission will accept the answer because it provides additional information which aids in our decision-making process.

6. In its request, National Grid states that, while they have no objection to Dominion's negotiated rate filing, they are unclear from Dominion's filing whether the new negotiated rate will have any impact on Dominion's accounting for, and reporting of, fuel usage and recoveries as reflected in the Informational Fuel Reports that are submitted annually. National Grid also states that it has a concern as to whether the 6.4 percent negotiated rate amount is inclusive of fuel and/or lost and unaccounted for amounts. National Grid states that it is not clear whether the omission of this information has any significance at all.

7. National Grid requests that the Commission require Dominion to explain whether the: (i) retainage will be reflected as a Quantity of Fuel collected or credited under negotiated rate agreements where the fuel retention differs from the pipeline's maximum recourse rate retainage in Dominion's on Addendum 2, Workpaper 10 to Dominion's Annual Fuel Report; (ii) retainage will result in an undercollection of maximum rate retainage required to be reported on Addendum 3, Workpaper 10, of the Annual Fuel Report; or (iii) the fuel retained will be reflected in some other manner in the Annual Fuel Report.

8. In its June 17, 2008 answer, Dominion responds to the National Grid's concern as to whether the negotiated rate of 6.4 percent of nominated volumes would be inclusive of fuel and/or lost and unaccounted for amounts. Dominion clarifies that the 6.4 percent negotiated gathering retention rate described in the application is inclusive of fuel of 4.3 percent, as stated in the negotiated rate agreements between Dominion and the affected pool operators. In response to National Grid's request that Dominion explain the effect of the negotiated rate agreements on the accounting for and reporting of fuel amounts in Dominion's Annual Fuel Report, Dominion explains that, currently, the recourse gathering rate is 2.28 percent, as shown in footnote 3 on Sheet Nos. 32 and 32A in Dominion's FERC Gas Tariff. Because the negotiated gathering fuel rate of 4.3 percent is higher than the recourse rate, it states that the fuel retained pursuant to the negotiated rate transactions described in this filing will be reflected on Addendum 2, Workpaper 10 of Dominion's Annual Fuel Report. Dominion also states that the negotiated rate agreements will not result in an undercollection that will need to be reported on Addendum 3, Workpaper 10 to Dominion's Annual Fuel Report.

[3] 18 C.F.R. § 385.213 (2008).

9. The Commission finds that Dominion's answer satisfactorily responds to National Grid's request for information so there is no need for Dominion to provide additional information. Further, the Commission concludes that the discount being provided to the seven pool operators is being offered on a non-discriminatory basis, since Dominion is willing to offer comparable discounts to similarly situated pool operators that desire to participate in the Copley Option. Therefore, the Commission will accept Dominion's proposed revision to its gathering rates on Eleventh Revised Sheet No. 1405 effective June 1, 2008, as proposed.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.