

117 FERC ¶ 61,289
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.

Dominion Cove Point LNG, LP

Docket Nos. RP07-36-000
RP06-417-000

ORDER ACCEPTING FILING,
SUBJECT TO CONDITION AND CONSOLIDATING PROCEEDINGS

(Issued December 13, 2006)

1. On October 27, 2006, Dominion Cove Point LNG, LP (Cove Point) filed certain *pro forma* tariff sheets¹ to establish rates and terms of service for what it asserts are new incremental services associated with the Vaporizer Reactivation Project. The new services are designated as Incremental Send-Out Quantities (ISQ) to be added to Rate Schedule LTD-1 and Off-Peak Firm Transportation Service, Rate Schedule OTS. Cove Point LNG requests that the filed *pro forma* sheets become effective five days after it notifies the Commission that the Vaporizer Reactivation Project will be placed into service, which Cove Point states is currently projected to be approximately December 22, 2006. The Commission accepts the October 27, 2006 filing for filing purposes, subject to the condition that Cove Point file, within ten days of the date of this order, actual tariff sheets consistent with the *pro forma* sheets submitted in the instant filing in Docket No. RP07-36-000 if it wishes to implement the proposed new services and rates to be effective as proposed. Further, the Commission consolidates the instant Docket No. RP07-36-000 with the ongoing hearing proceeding established in Cove Point's general NGA section 4 rate case in Docket No. RP06-417-000.² The Commission clarifies that, once such actual tariff sheets are filed, the Commission intends to issue a subsequent order conditionally accepting the actual tariff sheets for filing, suspending them for a minimal period, and permitting them to take effect, subject to refund and other conditions set forth below, on the later of December 22, 2006, or five days after Cove Point notifies the Commission that the Vaporizer Reactivation Project will be placed into service.

¹ See Appendix for list of *pro forma* tariff sheets.

² See *Dominion Cove Point LNG, LP*, 116 FERC ¶ 61,110 (2006).

Background and Details of the Instant Filing

2. Cove Point operates a liquefied natural gas (LNG) terminal in Lusby, Maryland, and pipeline facilities that extend approximately 88 miles from the LNG facility to interconnecting pipelines. Cove Point provides firm peaking service (Rate Schedules FPS-1, FPS-2, and FPS-3) during the winter months, and an LTD service which consists of the receipt of LNG from ocean-going tankers, the temporary storage of LNG, and the vaporization of LNG and delivery of natural gas to points along Cove Point's existing pipeline. The LTD service is provided throughout the year. On June 16, 2006 the Commission issued three orders authorizing the Cove Point Expansion Project (CPX). The first of the three orders issued on June 16, 2006 approved two related applications for a major expansion of the Cove Point LNG terminal and the Cove Point Pipeline, along with the related application filed by Dominion Transmission, Inc. (Dominion), an affiliated interstate pipeline, to construct and operate certain related downstream pipeline and storage facilities.³

3. The second order issued on June 16, 2006 approved Cove Point's application requesting authority to construct and operate two new air separation units, a liquid nitrogen storage tank, an electric generation unit, and appurtenant facilities at its import terminal.⁴ This authorization will allow Cove Point to accept LNG from a wider variety of sources, provide the LTD-1 shippers with greater flexibility to deliver and market their supplies, provide customers greater access to worldwide supplies of LNG, and enhance the reliability of service.

4. Finally, and most relevant to the instant proceeding, in the third order issued on June 16, 2006,⁵ the Commission granted Cove Point authorization for the Vaporization Reactivation Project under section 3 of the NGA. While Cove Point submitted *pro forma* tariff sheets substantially identical to the *pro forma* tariff sheets filed in the instant proceeding, Cove Point stated that it was deferring its request for approval of the tariff sheets and the initial rates and services in that proceeding until the instant filing. The Commission declined to condition approval of construction authority on Cove point filing under section 4 to implement ISQ service and rates but clarified that, if Cove Point does so file, any recourse rate set forth in the tariff for that service must be consistent with and

³ *Dominion Cove Point LNG, LP*, 115 FERC ¶ 61,337 (2006).

⁴ *Dominion Cove Point LNG, LP*, 115 FERC ¶ 61,335 (2006).

⁵ *Dominion Cove Point LNG, LP*, 115 FERC ¶ 61,336 (2006) (the June 16, 2006 Order).

properly derived from underlying cost of service data; further, the Commission declined to make any determination regarding the proposed OTS service and rates until Cove Point makes an appropriately supported tariff filing.⁶ In the instant filing, Cove Point proposes to establish ISQ and OTS rates and services under section 4, which are associated with the Vaporizer Reactivation Project.

ISQ Service

5. Cove Point asserts that the Vaporizer Reactivation Project consists of refurbishing and reactivating two existing but unused waste heat vaporizers at the Cove Point terminal to ensure that Cove Point LNG can deliver its current peak-day capability of 1.0 MMDth/day of send-out on a year-round basis, subject to certain interruptions. Cove Point states that the Vaporizer Reactivation Project will provide spare vaporization capacity that will firm up the send-out from the terminal during times when the vaporization facilities would otherwise be limited by normal maintenance requirements.

6. Cove Point asserts that at the present time, the send-out capability for its terminal customers receiving service under Rate Schedule LTD-1 is generally limited to the existing firm entitlements of 750,000 Dth/day. Cove Point states that 250,000 Dth/day of send-out capability currently is available to LTD-1 shippers for overrun service only on a limited basis due to Cove Point's service obligations to FPS customers and general plant maintenance. The reactivation of the waste heat vaporizers will increase send-out from the LNG terminal available to the LTD-1 shippers. Cove Point states that in order to provide the incremental send-out to the LTD-1 shippers, it proposed in the Vaporizer Reactivation Project proceeding to provide ISQ rights of up to 250,000 Dth/day to the LTD-1 shippers, subject to certain interruption rights.

7. Cove Point LNG states that in its June 16, 2006 Order, the Commission approved the new ISQ service, but did not require Cove Point LNG to file tariff provisions for the new service, in light of the passage of the Energy Policy Act of 2005 (EPAAct 2005), which amended NGA section 3. The June 16, 2006 Order, however, gave Cove Point the option to offer the new service pursuant to Commission regulation and its tariff. Cove Point states that it has agreed with its customers to provide the ISQ service as a tariff service under a negotiated rate. Accordingly, Cove Point submits in the instant filing in Docket No. RP07-36 the tariff sheets establishing ISQ service. Cove Point states that these *pro forma* tariff sheets reflect the recourse rate approved in the June 16, 2006 Order of \$0.4738 per Dth, and that the derivation of that rate is set forth in Exhibit A to the instant filing.

⁶ 115 FERC ¶61,336 at P 30-33

8. Additionally, Cove Point states that it and each of the LTD-1 Shippers have agreed upon negotiated rates for the ISQ services. Cove Point asserts that, consistent with section 29 of the General Terms and Conditions (GT&C) of its tariff and the Commission's policies concerning negotiated rates, Cove Point LNG has included certain tariff sheets reflecting the essential elements of these ISQ-negotiated rate agreements. Cove Point LNG affirms that the LTD-1 shippers' service agreements conform in all material respects with the *pro forma* service agreement. Cove Point LNG requests that the Commission accept these negotiated rates, to be effective upon the in-service date of the Vaporizer Reactivation facilities, along with the other tariff sheets submitted in the instant filing.

Rate Schedule OTS

9. Cove Point is also proposing in the instant filing in Docket No. RP07-36 a new, off-peak firm transportation service on its pipeline under new Rate Schedule OTS that is associated with the new ISQ send-out of 250,000 Dth/day. Cove Point asserts that the OTS service is an essential and integral part of the Vaporizer Reactivation Project that will allow Cove Point to transport the increased send-out received from the LNG terminal, making additional supplies of natural gas available to meet growing market demand. In addition, Cove Point states that the OTS service is consistent with the Commission's policies of (1) encouraging pipelines to offer a variety of services to meet the needs of their customers and to maximize capacity utilization and throughput⁷ and (2) approving similar limited firm services as long as the pipeline either has unsubscribed capacity available for use by the limited firm customers or has proposed conditions on the new service that ensure that service to existing firm customers will not be degraded.

10. Cove Point states that it held an open season held from May 9 through 20, 2005, and that each of the LTD-1 shippers submitted a non-binding bid for all of the available off-peak transportation capacity, 250,000 Dth/day, at the maximum posted rates and for the maximum term. Cove Point states that no other bids were submitted. Cove Point states each LTD-1 shipper was awarded, and entered into a binding precedent agreement for, the pro-rata share of the 250,000 Dth/day equal to 83,333 Dth/day of OTS capacity with a term equivalent to, at each LTD-1 shipper's election, the greater of fifteen (15) years or the remaining duration of its Rate Schedule LTD-1 service agreement.

11. Cove Point states that OTS shippers will receive service pursuant to new Rate Schedule OTS. Cove Point states that the service will have a primary receipt point at the

⁷ E.g., Cove Point cites *Northern Natural Gas Co.*, 92 FERC ¶ 61,255 (2000) and *Transwestern Pipeline Co.*, 88 FERC ¶ 61,206 (1999).

Cove Point LNG terminal send-out meter and a primary delivery point at the point of interconnection between Cove Point Pipeline and Transcontinental Gas Pipe Line Corporation at Pleasant Valley in Loudoun County, Virginia.

12. Cove Point explains that Rate Schedule OTS service differs from Rate Schedule FTS service in that Cove Point shall have the right to interrupt service or not schedule service for up to thirty (30) calendar days each year (Unavailable Day). Cove Point states that the interruptions may occur on consecutive or non-consecutive days and shall be determined at Cove Point's reasonable discretion in a not unduly discriminatory manner, within the limitations set forth in Rate Schedule OTS and the executed service agreements. Cove Point further explains that on any day when Cove Point is unable to render service or when an OTS shipper is allocated a level of capacity equivalent to less than 50 percent of that shipper's Maximum Firm Transportation Quantity (MFTQ) shall constitute an Unavailable Day. Cove Point states that if on any day a shipper's allocated capacity is less than 100 percent, but equal or greater than 50 percent, of that shipper's MFTQ, that day shall constitute half of an Unavailable Day. Cove Point states that interruption or inability to schedule service at a secondary receipt or delivery point shall not render any day an Unavailable Day. Cove Point states that the method of allocating interruptions among OTS shippers is described in Rate Schedule OTS. Cove Point states that if circumstances require interruptions or unavailability of service for more than the maximum number of Unavailable Days in any calendar year, Rate Schedule OTS service shall be interrupted or made unavailable in accordance with the priorities in sections 15 and 16 of the GT&C. Cove Point states that in this event, an OTS shipper will receive reservation charge credits pursuant to section 3.7 of Rate Schedule OTS.

13. Cove Point states that provision of OTS service will not degrade the quality of Cove Point's existing firm transportation service rendered under Rate Schedule FTS. Cove Point states that it will provide OTS service from available system capacity and no new pipeline facilities will be required. In terms of scheduling priority, Cove Point states that OTS service at primary and secondary points will be subordinate to FTS service at primary and secondary points, respectively.

14. Cove Point states that an OTS shipper will pay the applicable rates, charges, surcharges and penalties pursuant to Rate Schedule OTS, as may be effective from time to time, including the maximum reservation charge, maximum commodity charge plus any applicable surcharges, and the maximum fuel retention percentage. Cove Point states that the initial OTS rates consist of a reservation charge of \$0.1690 per month per Dth of MFTQ, a commodity charge of \$0.0166 per Dth, and the fuel retainage percentage applicable to service under Rate Schedule OTS, currently 0%.

15. Cove Point states that consistent with other similar limited firm rate schedules, it will provide reservation charge credits if circumstances require interruptions or

unavailability of service for more than the maximum number of Unavailable Days in any calendar year. Cove Point states that the initial rates are designed by applying the rate design principles set forth in *United Gas Pipe Line Company*, Opinion No. 671,⁸ to the currently effective Rate Schedule FTS Reservation base tariff rate. Cove Point states that pursuant to the *United* rate design, 25% of fixed costs are allocated to the reservation charge while the remaining 75% of fixed costs and all variable costs are allocated to the commodity charge.

16. Cove Point asserts that application of the *United* rate design helps to minimize OTS shippers' fixed charges while maintaining their ability to release the capacity by the payment of a reservation charge. Cove Point states that the Commission's regulations permit departures from Straight Fixed Variable (SFV) rate design in individual circumstances, particularly where the affected parties agree and the goal of adopting SFV in Order No. 636 of achieving a seamless national pipeline grid will not be adversely affected.⁹ Cove Point asserts that these criteria are satisfied here.

17. Cove Point states that no costs were allocated to this service as it is unknown at this time what, if any, additional costs will be incurred by providing this service. Cove Point states that in Order No. 637, the Commission reaffirmed its policy that pipelines may retain the revenues from a new service between rate cases.¹⁰ Consistent with that policy, Cove Point proposes to retain 100 percent of any non-penalty revenues collected under Rate Schedule OTS.

Cove Point's General Rate Case in Docket No. RP06-417-000

18. On June 30, 2006, Cove Point filed revised tariff sheets in Docket No. RP06-417-000 to be effective August 1, 2006, pursuant to NGA section 4 to generally increase the rates on its liquefied natural gas import terminal and pipeline system. In an order issued

⁸ *United Gas Pipe Line Company*, 50 FPC 1348 (1973), *reh'g denied*, 51 FPC 1014 (1974), *aff'd sub nom Consolidated Gas Supply Corporation v. FPC*, 520 F.2d 1176 (D.C. Cir. 1975) (United rate design).

⁹ Cove Point cites 18 C.F.R. § 284.7(e) (2006); *Tennessee Gas Pipeline Co.*, 77 FERC ¶ 61,083 at p. 61,355-359 (1996), *reh'g*, 78 FERC ¶ 61,069 (1997).

¹⁰ Cove Point cites Order No. 637, III FERC Stats. & Regs. ¶ 31,091, at p. 31,310.

on July 31, 2006,¹¹ the Commission accepted and suspended the tariff sheets in that proceeding, to be effective January 1, 2007, subject to refund and the outcome of the hearing procedure established in that order.

19. On November 21, 2006, the Commission issued its Notice of Informal Settlement Conference, which was convened in Docket No. RP06-417 on November 28, 2006. The purpose of this Informal Settlement Conference exploring the possible settlement of issues raised in that proceeding.

Notice, Interventions and Protests

20. Notice of the instant filing in Docket No. RP07-36-000 was issued on November 14, 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. Public Service Company of North Carolina, Inc. (North Carolina), Atlanta Gas Light Company and Virginia Natural Gas, Inc. (collectively Atlanta) and Washington Gas Light Company (Washington Gas) all filed protests, the details of which are discussed below.

North Carolina

21. North Carolina contends that Cove Point has failed to meet its burden of proof regarding this proposal in Docket No. RP07-36, and the proposal should be either summarily rejected or consolidated with Cove Point's on-going general section 4 rate case in Docket No. RP06-417. North Carolina asserts that, in general, there are two ways to address the incremental requirements to transport the 250,000 Dth incremental LNG send-out created by the Vaporizer Reactivation Project through the Cove Point pipeline, either by (1.) capacity release from existing firm shippers; or, by (2.) creating a new "semi-firm" service. Cove Point fails to discuss the relative merits of the two approaches. North Carolina argues that since the Rate Schedule ISQ send-out is subject to interruption to allow the Rate Schedule FPS customers to withdraw gas from storage, it would be logical to consider the option of having FPS Shippers release their FTS capacity to transport ISQ volumes on the days when storage gas is not being withdrawn.

¹¹ *Dominion Cove Point LNG, LP*, 116 FERC ¶ 61,110 (2006).

22. North Carolina asserts that the borders between these proposed incremental services and the current FTS and FPS service are drawn with unsubstantiated or undisclosed assumptions. North Carolina argues that Cove Point is designing semi-firm rates under Rate Schedule OTS on the assumption that OTS will only be used 120 days per year. North Carolina contends that it would be logical to expect that service subject to interruption up to 30 days a year would be designed on 335, rather than 120, days of availability. North Carolina further argues that the OTS precedent agreement makes that service firm subject to interruption up to 30 days a year, but in Docket No. RP06-417, Cove Point submitted an affidavit by its Witness Grim who allocated Cove Point send-out capacity to the FPS Shippers on the assumption that FPS storage withdrawals will occur over a four-month (120 day) period each year. North Carolina argues that if it is safe to assume for the purposes of contracting away the capacity to an OTS Shipper that storage withdrawals will only occur 30 days per year, then Cove Point is over-allocating onshore terminal costs to the FPS Shippers. North Carolina also argues that if Cove Point is wrong and the FPS Shippers will need the capacity for more than 30 days a year, then the FPS Shippers' firm service is being degraded by the new OTS service. North Carolina concludes that Cove Point can avoid the need to make assumptions regarding the degree of interruption by using the capacity release approach. North Carolina states that in a capacity release, the number of days of recall to the FPS Shippers would be a matter of mutual agreement between the FPS Shipper that releases the transportation capacity and the replacement shipper.

23. North Carolina asserts that the proposed priority of ISQ service is poorly defined. North Carolina contends that the Cove Point has failed to address whether the proposed service will be subordinated to the existing injection and overrun rights of Rate Schedule FPS shippers.

24. North Carolina asserts that the timing of this filing in Docket No. RP07-36 is problematic. North Carolina notes that on June 30, 2006, Cove Point filed a general section 4 rate case in Docket No. RP06-417, and that that filing did not allocate any costs to ISQ or OTS service. North Carolina contends that as a result, the existing shippers, including the FPS Shippers, bear the full costs of the Cove Point system. Similarly, North Carolina argues that the cost-of-service computations for the ISQ recourse rate and for the OTS maximum rate assume that those services will pick up an allocated share of system-wide costs. North Carolina concludes that as a result, Cove Point will over-recover its system-wide costs, such as Administrative and General expenses and Operations and Maintenance, until the following general section 4 rate case. In addition, North Carolina states that because the Vaporizer Reactivation Project is forecasted to be placed in service on December 22, 2006, the plant addition will fall within the RP06-417

adjustment period, so it is likely that Cove Point will seek include those costs in its adjusted RP06-417 rates without either crediting ISQ and OTS revenues or allocating costs to those services.

25. North Carolina asserts that by making this filing in Docket No. RP07-36, Cove Point appears to have elected to make ISQ a tariffed, non-Hackberry service. Accordingly, when keeping its segregated records as required by the Expansion Order (115 FERC ¶ 61,337 (2006)), North Carolina contends that the Commission should require Cove Point to reflect all ISQ and OTS volumes on the non-Hackberry side of its records.

26. North Carolina concludes that because Cove Point has failed to either allocate costs or credit revenues from these services proposed in Docket No. RP07-36, and has failed to demonstrate that service to existing customers will not be degraded by these services, the Commission should either summarily reject these tariffs or in the alternative set them for a consolidated hearing with Docket No. RP06-417.

Atlanta

27. Atlanta states that it believes that the instant filing in Docket No. RP07-36 should be consolidated with Cove Point's on-going general section 4 rate case in Docket No. RP06-417. Atlanta requests that RP07-36 be consolidated with RP06-417 to avoid improper allocation of cost, cross-subsidization between services, and to ensure inclusion of appropriate facilities cost associated with the new services. Atlanta asserts that in Cove Point's section 4 rate case, no revenues have been attributed to ISQ or OTS service which may result in existing FPS Shippers subsidizing those services. Atlanta notes that rates listed in the instant filing in Docket No. RP07-36 are scheduled to be in place on December 22, 2006, which will fall within the RP06-417 adjustment period, further supporting the consolidation of dockets RP06-417 and RP07-36. Additionally, Atlanta concludes that consolidating these two dockets allows all parties to review the rates in totality and will ensure that costs are only assigned to the shippers receiving the benefits of the service being provided.

Washington Gas

28. Washington Gas submits that Cove Point has not demonstrated that its proposed tariff sheets in Docket No. RP07-36 are just and reasonable, and those tariff sheets may be unjust, unreasonable or unduly discriminatory. Washington Gas requests (i) that the Commission permit Cove Point's proposed *pro forma* tariff sheets to become effective only on a subject-to-refund basis, and (ii) that the Commission consolidate Cove Point's

filing in Docket No. RP07-36 with its general NGA section 4 filing in Docket No. RP06-417 and set issues raised by Cove Point's filing for hearing in such consolidated proceeding.

29. Washington Gas submits that Cove Point's filing in Docket No. RP07-36 raises numerous ratemaking/service issues that should be set for hearing in a consolidated Docket No. RP06-417, including:

- a) Is Cove Point's proposed United-based methodology for designing Rate Schedule OTS rates just and reasonable for a non-firm transportation service? If not, what is a just and reasonable rate design for OTS service?
- b) Should Cove Point be required to credit any revenues from OTS service to its transportation customers, or alternatively, should Cove Point be required to allocate costs to OTS service?
- c) How should the recourse rate for ISQ services be designed? Is Cove Point's proposed allocation of costs to ISQ service just and reasonable?
- d) Is it just and reasonable for Cove Point to provide an incremental ISQ service as part of rolled-in Rate Schedule LTD service, and if so, what are the rate and service implications for Cove Point's other services?
- e) Are Cove Point's proposed modifications to the "Capacity and Imbalance Allocation" and "Interruption of Service" provisions of the general terms and conditions of its tariff just and reasonable?

30. Washington Gas contends that these issues in Docket No. RP07-36 raise numerous issues of fact and policy that should be fully explored in a consolidated Docket No. RP06-417 hearing. Washington Gas asserts that perhaps the most egregious aspect of Cove Point's filing in Docket No. RP07-36 is its proposal to retain all of the revenues derived from the rendition of OTS service. Washington Gas notes that in Docket No. RP06-417, Cove Point has proposed rates that are designed to recover a vastly inflated cost of service from its existing services. Washington Gas contends that as a consequence, assuming that OTS service takes effect on the anticipated effective date of December 22, 2006, Cove Point's proposal to retain all revenues from OTS service without allocating any costs to that service would permit it to overrecover its cost of service. Washington Gas concludes that such a result would be neither just nor reasonable.

31. Washington Gas states that since the instant filing in Docket No. RP07-36 has been made during the test period of Docket No. RP06-417, and since Cove Point expects to place its ISQ and OTS services into effect as early as December 22, 2006, it is clearly appropriate to consolidate the instant filing in Docket No. RP07-36 with Docket No. RP06-417. Washington Gas notes that in the past, the Commission has determined that where a pipeline makes a limited section 4 filing that raises rate and service issues

similar to those raised by Cove Point's filing herein during the test period of a pending general NGA section 4 proceeding, it is appropriate to consolidate the general and limited section 4 filings.¹² Moreover, Washington Gas states that the Commission has held that as long as the limited section 4 filing is made during the test period, consolidation is appropriate.¹³ Washington Gas concludes that consolidation of the instant filing in Docket No. RP07-36 with the proceeding in Docket No. RP06-417 is both necessary and proper.

32. Washington Gas requests that the Commission: (a) consolidate this proceeding in Docket No. RP07-36 with the already-established proceeding in Docket No. RP06-417 and set issues raised by Cove Point's filing for hearing in that proceeding; (b) impose an appropriate refund condition on Cove Point's filing; and (c) grant Washington Gas such other and further relief as may be required to protect its interests and the interests of the gas consumers it serves.

Discussion

33. The parties to the instant proceeding in Docket No. RP07-36-000 have raised a number of cost allocation and rate design issues which warrant further examination. Although the Commission has accepted proposals by pipelines for new services and the initial rates for such services if they are designed properly based on the company's currently-approved cost of service, and determined that issues regarding the levels and allocation of costs underlying the rates may be taken up in the pipeline's next rate case,¹⁴ that disposition is not appropriate here. Cove Point has made the instant proposal in Docket No. RP07-36-000 during the test period for its current general section 4 rate case in Docket No. RP06-417-000, and the rates in that proceeding were accepted and suspended, to be effective January 1, 2007, subject to refund and hearing. Under these circumstances, the Commission believes that it is necessary to examine the

¹² Washington Gas cites *Transcontinental Gas Pipe Line Corp.*, 79 FERC ¶ 61,104 (1997), *Order on reh'g*, 80 FERC ¶ 61,215 (1997); *Pacific Gas Transmission Co.*, 68 FERC ¶ 61,179 (1994), *CNG Transmission Corp.*, 67 FERC ¶ 61,349 (1994).

¹³ Washington Gas cites *Transcontinental Gas Pipe Line Corp.*, 80 FERC ¶ 1,215 at 61,849 (fn. 5)(1997). Washington Gas asserts that whether the proposed new services actually become effective prior to December 31, 2006, is not dispositive as to whether the proceedings should be consolidated.

¹⁴ See, e.g., *Portland Natural Gas Transmission System*, 106 FERC ¶ 61,289 at P 61 (2004).

reasonableness of the proposed ISQ and OTS services in Docket No. RP07-36-000 in the context of the general system rates and cost-of-service that will be in effect going forward. The Commission finds that it would make no sense to accept the initial rates for the subject services based on the Cove Point's currently-approved cost of service when issues about Cove Point's proposed general system cost of service have been set for hearing and are currently being examined by the Commission and other parties. Thus, the Commission finds that it would be an efficient use of the parties' and Commission's resources to consolidate the instant Docket No. RP07-36-000 with Docket No. RP06-417-000 so that the issues raised by the instant filing can be addressed along with those in the ongoing hearing in Docket No. RP06-417-000.

34. However, because Cove Point filed *pro forma* tariff sheets rather than actual tariff sheets, the Commission will accept the October 27, 2006 filing in Docket No. RP07-36-000 for filing purposes, subject to Cove Point filing, within ten days of the date of this order, actual tariff sheets consistent with the *pro forma* sheets submitted in the instant filing if it wishes to implement the proposed new services and rates to be effective as proposed. The Commission clarifies that, once such actual tariff sheets are filed, the Commission intends to issue a subsequent order conditionally accepting the actual tariff sheets for filing, suspending them for a minimal period, and permitting them to take effect, subject to refund and to the outcome of the hearing proceeding in consolidated Docket Nos. RP06-37-000 and RP06-417-000, effective the later of December 22, 2006, or five days after Cove Point notifies the Commission that the Vaporizer Reactivation Project will be placed into service, as proposed. Cove Point's proposed negotiated rates will be accepted consistent with the Commission's acceptance of the actual tariff sheets.

The Commission orders:

(A) Cove Point's October 27, 2006 filing is accepted for filing purposes, subject to the condition set forth below.

(B) Cove Point must file actual tariff sheets based on the *pro forma* tariff sheets in the instant filing within 10 days of the issuance of this order if it wishes to implement the subject proposed rates and services to be effective as proposed.

(C) The instant Docket No. RP07-36-000 is consolidated with Cove Point's current general section 4 rate case in Docket No. RP06-417-000.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

APPENDIX

**Dominion Cove Point LNG, LP
Original Volume No. 1**

**Docket No. RP07-36-000
Pro Forma Tariff Sheets**

Pro Forma Sheet No. 1
Pro Forma Sheet No. 7
Pro Forma Sheet No. 8
Pro Forma Sheet No. 10
Pro Forma Sheet No. 11
Pro Forma Sheet No. 20
Pro Forma Sheet No. 22
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