

126 FERC ¶ 61,294
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 30, 2009

In Reply Refer To:
Discovery Gas Transmission LLC
Docket No. RP09-390-000

Discovery Gas Transmission LLC
2800 Post Oak Boulevard
Houston, TX 77056

Attention: Larry Jensen, Regulatory Affairs Manager

Reference: Hurricane Mitigation & Reliability Enhancement Surcharge Adjustment
and Waiver Request

Ladies and Gentlemen:

1. On February 25, 2009, Discovery Gas Transmission LLC (Discovery) filed a revised tariff sheet¹ in Docket No. RP09-390-000, to adjust its Hurricane Mitigation and Reliability Enhancement (HMRE) Surcharge. Discovery requests that the Commission waive sections 27.3 and 27.4 of its tariff so that Discovery may adjust its HMRE Surcharge out-of-cycle. As discussed below, we grant a one-time waiver to allow Sixteenth Revised Sheet No. 20 to become effective April 1, 2009, as proposed.

2. The Commission approved the establishment of the HRME Surcharge as part of a Stipulation and Settlement Agreement (Settlement) in a previous docket.² Discovery states that section 27 of its tariff provides for the recovery of capital and related operation and maintenance expenditures that Discovery makes in order to mitigate the cost of damage to facilities caused by natural disasters, to maintain system reliability during and immediately after natural disasters, to remediate and repair damages caused by natural

¹ Sixteenth Revised Sheet No. 20 to its FERC Gas Tariff, Original Volume No. 1.

² *Discovery Gas Transmission LLC*, 122 FERC ¶ 61,099 (2008).

disasters, and to enhance overall system reliability. The HMRE Surcharge is collected through a volumetric surcharge applicable to transportation service rendered through Discovery's mainline facilities.

3. Section 27.3(b) of Discovery's tariff provides that, no later than November 15 of each year, Discovery shall file to establish a new HMRE Surcharge effective January 1 for the next calendar year based on the balance of Qualifying HMRE Expenditures³ as of September 30 and the projected throughput for such calendar year. In its most recent annual HRME Surcharge filing of November 14, 2008,⁴ Discovery increased its HMRE Surcharge to \$0.0175 per Dt, effective January 1, 2009.

4. Under its tariff, Discovery's next annual HMRE Surcharge filing would not be filed until November 2009 to become effective January 1, 2010. However, Discovery states that Hurricane Ike severed and displaced a lateral from Discovery's mainline; rendering Discovery's mainline out of service from September 12, 2008, to January 16, 2009. It states that the lateral was still out of service at the time of the instant filing. Discovery states it is including for recovery in the instant filing approximately \$6.9 million in additional eligible costs since its November 14, 2008 filing, of which approximately \$6.7 million is directly related to Hurricane Ike, for a new Deferred Cost Account balance of \$10,044,055 as of December 31, 2008. Discovery projects overall Hurricane Ike repair costs to exceed \$50 million.

5. Discovery states that it is filing out-of-cycle to increase its HMRE Surcharge to its capped limit (\$0.0500/Dt) as set out in the Settlement and shown in section 27.4 d. of its tariff.⁵ Discovery states that increasing the HMRE Surcharge effective April 1, 2009, instead of waiting until January 1, 2010, will benefit Discovery's shippers by avoiding buildup of the balance in its HMRE Deferred Cost Account and associated carrying charges and will better match the incurrence of the HMRE costs with the shippers actually using the system at this time. Accordingly, due to the significant level of costs incurred to date as a result of Hurricane Ike, Discovery requests waiver of its tariff provisions to apply the revised HMRE Surcharge of \$0.0500/Dt, effective April 1, 2009.

³ Section 27.4(a) of Discovery's tariff requires the establishment and maintenance of an HMRE Deferred Cost Account for Qualifying HMRE Expenditures.

⁴ *Discovery Gas Transmission LLC*, Docket No. RP09-78-000 (December 17, 2008) (unpublished letter order).

⁵ Discovery states that, due to the significant costs incurred in its HMRE Deferred Cost Account, the resulting HRME Surcharge would have calculated to \$0.0536/Dt, but its proposed tariff sheet only calls for a surcharge of \$0.0500/Dt in order to avoid going above the capped limit.

6. Public notice of Discovery's filing was issued on February 27, 2009. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2008)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2008)), all timely filed motions to intervene and any motion 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. No protests or adverse comments were filed.
7. The Commission finds good cause exists for granting the requested waiver. As a result of the hurricane, unforeseen damages and significant costs were incurred by Discovery eligible for recovery under its tariff. However, because the hurricane damage occurred in mid-September, the majority of the repair costs were not incurred by the September 30 date specified in section 27.3(b) of Discovery's tariff and, therefore, were not included in the HMRE Surcharge which became effective on January 1, 2009. Accordingly, we grant a one time waiver of Discovery's tariff provisions, as requested.
8. The Commission further accepts Discovery's proposed Sixteenth Revised Sheet No. 20 to its FERC Gas Tariff, Original Volume No. 1, to increase the HMRE Surcharge to \$0.0500/Dt, effective April 1, 2009.

By direction of the Commission.

Kimberly D. Bose,
Secretary.