142 FERC ¶ 61,245
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 28, 2013

In Reply Refer To:
Dominion Cove Point LNG, LP
Docket No. RP13-613-000

Dominion Cove Point LNG, LP
701 East Cary Street, 5th Floor
Richmond, VA 23219

Attention: Daniel L. Verdun
Manager - Regulation

Dear Mr. Verdun:

1. On February 28, 2013, Dominion Cove Point LNG, LP (Cove Point) filed tariff records[1] to adjust its Annual Fuel Retainage percentages pursuant to the provisions of section 1.45 of the General Terms and Conditions (GT&C) of its FERC Gas Tariff. The tariff records are accepted effective April 1, 2013, as proposed.

2. For storage services, Cove Point states that the calculated retainage percentage is 46.4 percent. Based on a cap for its Firm Import Shippers if the calculated storage retainage rate exceeds 3.0 percent, Cove Point proposes to maintain the retainage requirement of 3.0 percent on injections for the Firm Import Shippers. Cove Point also proposes to retain the current 20.5 percent retainage rate for Rate Schedules FPS-1, FPS-2, and FPS-3 shippers. Further, Cove Point proposes to increase the retainage rate for Rate Schedule LTD-2 shippers to the calculated 46.4 percent. Cove Point states that the increase in estimated storage retainage is primarily attributable to the reactivation of its liquefier and a decrease in the level of import activity at the plant.

3. In addition, Cove Point proposes to decrease the retainage percentage for general system transportation services under Rate Schedules FTS, ITS, and OTS from 0.5 percent to 0.0 percent. Finally, Cove Point proposes to decrease the incremental retainage rate for Cove Point East from 0.7 percent to 0.6 percent. Cove Point states the proposed decreases in transportation retainage are caused primarily by increases in estimated

[1] Dominion Cove Point LNG, LP, FERC NGA Gas Tariff, DCP_DATABASE, Tariff Record 10.35, Incremental Rates, 9.0.0 and Tariff Record 10.45, Fuel Rates, 5.0.0.

transportation quantities based on 2012 activity, and a decrease in lost and unaccounted for gas (LAUF).

4. Notice of Cove Point's filing was issued on March 1, 2013. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2012)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2012)), all timely filed motions to intervene and any unopposed 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. On March 12, 2013, Washington Gas Light Company (Washington Gas) filed a Limited Protest and Motion to Intervene. On March 15, 2013, Cove Point filed an answer to Washington Gas' protest. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R.§ 385.213(a)(2) (2012), prohibits an answer to a protest or adverse comments unless otherwise ordered by the decisional authority. We will accept Cove Point's answer because it has provided us with information that assists us in our decision-making process.

5. Washington Gas questions the allocation of certain LAUF volumes to the Cove Point East Project.[2] Washington Gas asserts that Cove Point's filing shows that the transportation activity utilizing the Cove Point East facilities is greater than the pipeline system activity only two months of the year. Washington Gas claims that despite this fact, Cove Point proposes to allocate more than 150 percent of the annual LAUF volumes to the Cove Point East rates, while the general system rates enjoy a credit for LAUF.

6. Washington Gas questions how Cove Point can accurately allocate LAUF between shipper groups based on a monthly calculation when both sets of shippers use the same physical pipeline facilities. Washington Gas further contends that Cove Point's LAUF calculation does not account for monthly imbalances, such as OBA imbalances, or other typical billing adjustments that could account for LAUF amounts booked on a monthly basis, but which may be reversed during the course of the year. Washington Gas also claims that Cove Point did not sufficiently identify the imbalance amounts. According to Washington Gas, absent the monthly throughput volumes, the monthly imbalance volumes, and the basis for Cove Point's allocation factors, the Commission cannot ensure

[2] In 2003, the Commission approved Cove Point's application to construct two new compressor stations in Loudoun and Fairfax Counties, Virginia, referred to as the Cove Point East Project, in order to provide 445,000 Dth/d of additional firm transportation service from west to east on Dominion Cove Point's pipeline system. *Dominion Cove Point LNG, LP*, 105 FERC ¶ 61,234 (2003). The Commission 's order granted Cove Point a certificate for the expansion project and approved an incremental rate for the two Cove Point East shippers, Washington Gas and Virginia Power Services Energy Corp., Inc.

that the LAUF quantities are correct and that the proposed allocations are reasonable. Washington Gas also asserts that Cove Point has not demonstrated that it can properly account for LAUF volumes with the kind of monthly precision that it has proposed in the filing. Therefore, Washington Gas requests that the Commission require Cove Point to modify its proposal to include a just, reasonable and equitable allocation of its LAUF volumes.

7. In response to Washington Gas, Cove Point notes that Washington Gas does not contend that the pipeline failed to follow its tariff in calculating the proposed retainage percentages, nor does it request that the Commission deny recovery of the LAUF amounts. Cove Point points out that it has performed the same monthly allocation of LAUF for its previous eight annual retainage filings[3] but Washington Gas never protested because the allocation inured to Washington Gas' benefit in those years.[4] Cove Point argues that the Commission has already recognized that Cove Point's tariff gives it discretion on the methodology used to calculate its retainage rate,[5] and that if a pipeline calculates its retainage percentages in accordance with its tariff, the Commission will approve the filing.[6] In response to Washington Gas' comments regarding imbalances and other billing adjustments, Cove Point states that it allocates LAUF based on measured throughput, not nominations. Therefore, claims Cove Point, imbalances or other adjustments are accounted for in the calculations and, under a tracker, will even out over time. Cove Point concludes that Washington Gas has not shown that Cove Point's methodology is unjust and unreasonable and thus requests that the Commission deny Washington Gas' protest and accept the tariff records as filed.

8. The Commission finds that Cove Point calculated its proposed revised fuel retainage percentages consistent with its tariff. With regard to Washington Gas' protest, as Cove Point notes, Washington Gas does not claim that Cove Point did not follow its tariff in calculating the proposed retainage percentages. According to Cove Point, it has performed the monthly LAUF allocation calculation in the same manner in each of its

[3] According to Cove Point, this methodology has been fully explained and supported in Appendix B of each filing submitted during the eight year period.

[4] Cove Point states, for example, that in the 2012 filing for the 2011 calendar year, the monthly allocation methodology resulted in approximately 25,000 Dth less of LAUF being allocated to Cove Point East Shippers than would have been under Washington Gas' proposed annual LAUF allocation methodology.

[5] Cove Point Answer at 1 & n.3 (citing *Dominion Cove Point LNG, LP*, 127 FERC ¶ 61,014, at P 18 (2009)).

[6] *MoGas Pipeline LLC*, 136 FERC ¶ 61,230, at P 17 (2011).

eight prior annual retainage rate filings. While Washington Gas generally questions that process, Washington Gas provided no evidence to show that Cove Point's tariff methodology is unjust and unreasonable, nor has it proposed a purportedly just and reasonable alternative.

9. Therefore, we find the proposed annual fuel retainage percentages to be just and reasonable, and will accept the tariff records identified in footnote no. 1, effective April 1, 2013, as requested.

By direction of the Commission.

Kimberly D. Bose,
Secretary.