

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

November 8, 2005

In Reply Refer To:
Discovery Gas Transmission LLC
Docket No. RP05-437-000

Discovery Gas Transmission LLC
c/o Williams Energy, LLC
2800 Post Oak Blvd – Level 8
Houston, Texas 77056

Attention: Larry Jensen, Regulatory Affairs Manager

Reference: Order No. 587-S Compliance Filing

Ladies and Gentlemen:

1. On July 1, 2005, Discovery Gas Transmission LLC (Discovery) filed a tariff sheet¹ to comply with Order No. 587-S.² Order No. 587-S incorporates Version 1.7 of the North American Energy Standards Board Wholesale Gas Quadrant's (NAESB) consensus standards; the standards to implement Order No. 2004³ ratified by NAESB on June 25, 2004 (2004 Annual Plan Item 2 FERC Order 2004); the standards to implement Order No. 2004-A ratified by NAESB on May 3, 2005 (2005 Annual Plan Item 8 FERC Order 2004); and the standards governing gas quality reporting ratified by NAESB on October 20, 2004 (Recommendation R03035A). The tariff sheet generally complies with Order No. 587-S and is accepted effective September 1, 2005, conditioned upon Discovery filing tariff revisions within 30 days of the date of this order, as discussed below.

¹ Ninth Revised Sheet No. 196 to its FERC Gas Tariff, Original Volume No. 1.

² *Standards for Business Practices of Interstate Natural Gas Pipelines*, Order No. 587-S, FERC Stats. & Regs. ¶ 31,179 (2005).

³ *Standards of Conduct for Transmission Providers*, Order No. 2004, FERC Stats. & Regs. ¶ 31,155 (2003); *order on reh'g*, Order No. 2004-A, FERC Stats. & Regs. ¶ 31,161 (2004); *order on reh'g*, Order No. 2004-B, FERC Stats. & Regs. ¶ 31,166 (2004), *order on reh'g*, Order No. 2004-C, FERC Stats. & Regs. ¶ 31,172 (2004); *order on reh'g*, Order No. 2004-D, 110 FERC ¶ 61,320 (2005).

2. Notice of Discovery's filing was published in the *Federal Register*, 70 Fed. Reg. 41,389 (2005), with interventions and protests due on or before July 18, 2005. None was filed.
3. Discovery is directed to file tariff revisions as follows: (1) Standard 1.3.2 (v) should be included in the tariff verbatim; (2) Standard 4.3.6 (Version 1.7) should be deleted from section 25.5 of the General Terms and Conditions (GT&C); and (3) Standards 5.3.41 and 5.3.42 (Version 1.7) should either be incorporated by reference or verbatim, but not both, in Discovery's tariff.⁴
4. Discovery states that in the past, the Commission has granted Discovery an extension of time to comply with Interactive/internet web site related standards, Title Transfer Tracking (TTT) related standards, and the capacity release data sets.⁵ Discovery states that, in light of this, it has not proposed in this filing to adopt any NAESB Version 1.7 standards that supersede any NAESB Version 1.6 standard for which it has been granted an extension of time. Upon review, Discovery is granted continuation of an extension of time to comply with Interactive/internet web site related standards and the capacity release data sets for up to 180 days from the date any person first requests the use of such data sets that Discovery does not currently support. Furthermore, we will continue to grant Discovery an extension of time to implement the TTT related standards. However, Discovery must file to implement the standards within 90 days from the date any person first requests that Discovery offer TTT services or Discovery's system is connected to a pooling point.
5. Discovery requests a waiver from the requirements of Standard 4.3.90, regarding posting daily average gas quality information for location(s) that are representative of mainline gas flow. In support of this view, Discovery states that: (1) the location on its system most representative of mainline gas flow is immediately upstream of a straddle processing plant; (2) posting gas quality information associated with an unprocessed gas stream will not provide meaningful information and could be confusing; (3) it does not provide any direct deliveries to an end-user or local distribution system; (4) all of their delivery points are with sizeable intrastate or interstate pipeline systems that receive gas into their respective systems along with other sourced gas streams; (5) Discovery's system is located far upstream of any

⁴ See *Texas Eastern Transmission Corporation*, 77 FERC ¶ 61,175 at 61,646 (1996).

⁵ *Discovery Gas Transmission LLC*, Docket No. RP02-456-000 (Sept. 30, 2002) (unpublished letter order); *order on reh'g, Discovery Gas Transmission LLC*, 103 FERC ¶ 61,173 (2003); *Discovery Gas Transmission LLC*, Docket No. RP03-348-000 (June 30, 2003) (unpublished letter order).

major market centers or hubs; and (6) Discovery's active shippers do not appear to be interested in this information.

6. In Order No. 587-S, the Commission advised pipelines that they should post information relevant to their shippers and consult with shippers in determining the information to be posted.⁶ Discovery states that on June 10, 2005, it posted on its website a notice requesting feedback from shippers as to whether they were interested in Discovery posting gas quality information associated with unprocessed gas. Discovery states that only one shipper responded, indicating that the shipper was not interested in seeing posted aggregate information.

7. In Order No. 587-S, the Commission allowed entities to request a waiver of the requirements in their individual compliance filings where justified.⁷ Upon review, Discovery's request for waiver from the requirements of Standard 4.3.90 is denied. Discovery's tariff contains gas quality specifications to which shippers are required to adhere. In fact, Discovery's standards for heating value and liquids are as strict as (or stricter than those of) most market-area pipelines and Discovery has tariff provisions allowing it to refuse to accept non-conforming gas. Discovery has not shown that it would be unduly burdensome to post gas quality information for location(s) that are representative of mainline gas flow. This location should be meaningful from the standpoint of shippers that need to meet Discovery's gas quality requirements. If that point is upstream of the processing plant, it would be an appropriate location.

8. Discovery maintains that its shippers are not interested in gas quality information based on one response to a posting on its web site pursuant to the Commission's statement in Order No. 587-S that pipelines consult with their shippers. Under Order No. 587-S, however, the Commission stated that pipelines should consult with shippers in determining which point is representative of mainline gas flow for posting gas quality information.⁸ The Commission did not provide that such consultation would determine whether the pipeline is required to comply with the requirement to post the information. Moreover, posting a notice on the pipeline's website requesting feedback from shippers which generated only one response is not sufficient to justify a grant of waiver.

⁶ Order No. 587-S, 111 FERC ¶ 61,203 at P 23.

⁷ Order No. 587-S, 111 FERC ¶ 61,203 at P 25.

⁸ Order No. 587-S, 111 FERC ¶ 61,203 at P 23.

9. Thus, for the reasons specified in this order, Discovery's request for waiver from the requirements of Standard 4.3.90 is denied.

By direction of the Commission.

Magalie R. Salas,
Secretary.