

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

January 18, 2007

In Reply Refer To:
Dominion Cove Point LNG, LP
Docket Nos. RP07-36-001 and
RP06-417-002

Dominion Cove Point LNG, LP
120 Tredegar Street
P.O. Box 26532
Richmond, Virginia 23261

Attention: Machel F. Grim
Manager, Regulatory and Pricing

Reference: See Appendix for List of Tariff Sheets

Dear Ms. Grim:

1. On December 18, 2006, Dominion Cove Point LNG, LP (Cove Point) filed tariff sheets in Docket No. RP07-36-001 to comply with the Commission's order issued on December 13, 2006.¹ The tariff sheets filed December 18, 2006, implement new rates and services under new off-peak transportation Rate Schedule OTS and Incremental Send-Out Service (ISQ) under Rate Schedule LTD-1, with a proposed effective date of December 22, 2006. Because Cove Point derived the proposed OTS rates from its then-effective Rate Schedule FTS rates, Cove Point filed revised tariff sheets on December 19, 2006, in Docket No. RP06-417-002, to revise the OTS rates effective January 1, 2007, to reflect changes in the FTS base rates which were to become effective on January 1, 2007, pursuant to the Commission's suspension order issued July 31, 2006,² in Cove Point's

¹ *Dominion Cove Point LNG, LP*, 117 FERC ¶ 61,289 (2006) (December 13, 2006 Order).

² *Dominion Cove Point LNG, LP*, 116 FERC ¶ 61,110 (2006) (July 31, 2006 Order). The tariff sheets filed on December 19, 2006, were included in Cove Point's motion to place its suspended rates in Docket No. RP06-417 into effect at the conclusion of the suspension period.

general section 4 rate case in Docket No. RP06-417-000. The tariff sheets filed December 19, 2006, also reflect the suspended Docket No. RP06-417-000 rates as well as an intervening change in the ACA rate. Waiver of the Commission's notice requirements is granted for both filings. The tariff sheets submitted in the December 18, 2006 compliance filing are accepted and permitted to become effective December 22, 2006, subject to refund and to the outcome of the hearing established in this consolidated proceeding. The tariff sheets submitted in the December 19, 2006 filing are accepted and suspended and permitted to become effective January 1, 2007, subject to refund and to the outcome of the consolidated hearing established in this proceeding.

2. On October 27, 2006, in Docket No. RP07-36-000, Cove Point filed *pro forma* tariff sheets reflecting the rates and terms of service for the new incremental services associated with its Vaporizer Reactivation Project, the new ISQ service to be added to Rate Schedule LTD-1, and the new off-peak firm transportation service, Rate Schedule OTS. In the December 13, 2006 Order, the Commission accepted the *pro forma* tariff sheets for filing purposes, conditioned upon Cove Point filing actual tariff sheets consistent with the *pro forma* sheets. The Commission further explained that, once the actual sheets were filed, it intended to issue a subsequent order conditionally accepting the actual tariff sheets, suspending them for a minimum period, and permitting them to take effect the later of December 22, 2006, or 5 days after Cove Point notifies the Commission that the Vaporizer Reactivation project will be placed in service, as Cove Point proposed, subject to refund and other conditions. Further, the Commission consolidated Docket No. RP07-36-000 with Cove Point's pending general rate case in Docket No. RP06-417-000 so that the issues raised by the filing can be addressed in the hearing.

3. In the December 18, 2006 filing, Cove Point submitted actual tariff sheets which it asserts are consistent with the previously filed *pro forma* tariff sheets, and therefore comply with the Commission's directive in the December 13, 2006 Order.

4. In a letter dated December 22, 2006, Cove Point notified the Commission that the facilities associated with the Vaporizer Reactivation Project were in service effective December 22, 2006. However, in the December 18, 2006 filing, Cove Point requests that the tariff sheets become effective on that date, rather than 5 days later as originally proposed.

5. On June 30, 2006, Cove Point filed revised tariff sheets to implement a general rate change pursuant to section 4 of the Natural Gas Act (NGA). In its transmittal letter to the June 30, 2006 filing, Cove Point reserved its right to place these tariff sheets into effect as of the end of any suspension period. The July 31, 2006 Order accepted and suspended the tariff sheets submitted in the June 30, 2006 filing, to be effective

January 1, 2007, subject to refund and the outcome of a hearing. In the December 19, 2006 filing, Cove Point moved to place the rates originally submitted in the June 30, 2006 filing into effect January 1, 2007.

6. Also in the December 19, 2006 filing, Cove Point states that it has revised six of the tariff sheets it seeks to place into effect, which, but for these revisions, are identical to the tariff sheets approved by the Commission in the July 31, 2006 Order. The revised sheets reflect the current ACA surcharge approved effective October 1, 2006, the revised rates that were suspended until January 1, 2007, in Docket No. RP06-417-000, and revised rates for Cove Point's new off-peak firm transportation service under Rate Schedule OTS (OTS) to track changes in the FTS rates from which the OTS rate was derived and the new Incremental Send-Out Quantity (ISQ) service under Rate Schedule LTD-1, which are to be provided in conjunction with the Vaporizer Reactivation Project.

7. As described in the October 27, 2006 filing, and accepted in the December 13, 2006 Order, the Rate Schedule OTS Reservation and Commodity rates are derivatives of the Rate Schedule FTS Reservation rate. Cove Point asserts that the rates shown on the tariff sheets submitted in the December 19, 2006 filing have been updated to reflect the FTS Reservation rate that will become effective January 1, 2007. Similarly, Cove Point asserts that the OTS rates have also been revised, consistent with the revision to the FTS rates. Cove Point states that the ISQ rate is not a derivative of any other rate and is unchanged from the initial rate accepted by the Commission in the December 13, 2006 Order.

8. In the December 19, 2006 filing, Cove Point proposes these six revised tariff sheets to be effective on January 1, 2007.

9. Public notice of the December 18, 2006 filing was issued on December 22, 2006. Public notice of the December 19, 2006 filing was issued on December 21, 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. The FPS Shippers³ jointly filed a protest to both filings, to which Cove Point filed an answer. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.213(a)(2) (2004)) prohibits an answer to a protest unless otherwise

³ The FPS Shippers include: Atlanta Gas Light Company; Public Service Company of North Carolina, Inc.; Virginia Natural Gas, Inc.; and Washington Gas Light Company.

ordered by the decisional authority. The Commission will accept Dominion's answer because it has provided information that may assist the Commission in its decision-making process. The details of the protest and Cove Point's answer are discussed below.

10. The FPS Shippers protest Cove Point's departure from the Commission policy favoring a straight fixed-variable (SFV) rate design, in favor of the *United*⁴ rate design for OTS. The FPS Shippers also protest that Cove Point is overcollecting its costs. The FPS Shippers conclude that the rate justification included in the December 19 filing is inadequate and inconsistent with Commission policy, and it must be rejected. Finally, the FPS Shippers state that the Commission may wish to remind Cove Point of its option to defer placing the rates into effect.

11. Cove Point answers that it is entitled to move the rates into effect, and that it is fully aware of its rights under the NGA and the Commission's regulations. Cove Point also states that in the December 13, 2006 Order, the Commission considered the FPS Shippers' arguments and set them for hearing in Cove Point's rate case proceeding. Cove Point asserts that, consistent with the July 31, 2006 Order and the December 13, 2006 Order, the arguments raised by the FPS Shippers in their instant protest should be addressed in the rate proceeding. Cove Point argues that since the issues have already been set for hearing, the protest is repetitious and adds nothing to the proceeding. Accordingly, Cove Point asserts that the Commission should dismiss the protest.

12. The Commission finds that the tariff sheets filed December 18, 2006 in Docket No. RP07-36-001, comply with the Commission's December 13, 2006 Order and are accepted effective December 22, 2006, as proposed, subject to refund and to the outcome of the hearing in this consolidated proceeding.

13. Regarding the FPS Shippers' protest, the Commission finds that although the FPS Shippers raise concerns about Cove Point's new proposed OTS and ISQ rates and services, the FPS Shippers have failed to raise any issue which the Commission has not already deferred to the hearing established in this consolidated proceeding. The FPS Shippers may raise these issues at the hearing.

⁴ *United Gas Pipeline Co.* 50 FPC 1348 (1973), *reh'g denied*, 51 FPC 1014 (1974), *aff'd sub nom, Consolidated Gas Supply Corp. v. FPC*, 520 F.2d 1176 (D.C. Cir. 1976)

14. Accordingly, the proposed tariff sheets in the December 19, 2006 filing in Docket No. RP06-417-002 are accepted and suspended, to be effective January 1, 2007, subject to refund and to the outcome of the hearing established in this consolidated proceeding.

By direction of the Commission.

Magalie R. Salas,
Secretary.

cc: All Parties
Public File

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

**Docket No. RP07-36-001
Accepted Effective December 22, 2006**

Fourth Revised Sheet No. 1	Second Revised Sheet No. 206
Second Revised Fifth Revised Sheet No. 7	Second Revised Sheet No. 230
Second Revised Sixth Revised Sheet No. 8	Second Revised Sheet No. 256
Seventh Revised Sheet No. 10	Original Sheet No. 256A
First Revised Sixth Revised Sheet No. 11	Second Revised Sheet No. 257
First Revised Sheet No. 20	Second Revised Sheet No. 261
Second Revised Sheet No. 22	Third Revised Sheet No. 400
Fourth Revised Sheet No. 23	Second Revised Sheet No. 450
Original Sheet No. 23A	Original Sheet No. 472
Second Revised Sheet No. 27	Fourth Revised Sheet No. 475
Original Sheet No. 120	Second Revised Sheet No. 490
Original Sheet No. 121	Second Revised Sheet No. 492
Original Sheet No. 122	Sheet Nos. 518-549
Original Sheet No. 123	Original Sheet No. 550
Original Sheet No. 124	Original Sheet No. 551
Third Revised Sheet No. 203	Original Sheet No. 552
Third Revised Sheet No. 204	Sheet Nos. 553-999
Fifth Revised Sheet No. 205	

**Docket No. RP06-417-002
Accepted Effective January 1, 2007**

Substitute Seventh Revised Sheet No. 5	Substitute Seventh Revised Sheet No. 8
Substitute Seventh Revised Sheet No. 6	Substitute Seventh Revised Sheet No. 11
Substitute Sixth Revised Sheet No. 7	Substitute Third Revised Sheet No. 12