

120 FERC ¶ 61,235
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 Transmission, Inc.

Docket No. CP07-31-000

ORDER ISSUING CERTIFICATE

(September 14, 2007)

1. On December 8, 2006, Dominion Transmission, Inc. (Dominion) filed an application in Docket No. CP07-31-000 under section 7(c) of the Natural Gas Act (NGA) and Part 157 of the Commission's regulations requesting authority to construct, own, and operate facilities located in Virginia, Maryland, West Virginia, Pennsylvania, and New York that comprise the USA Storage Project. The Commission finds that approval of Dominion's unopposed proposals is required by the public convenience and necessity. Therefore, the Commission will approve Dominion's requested certificate authorization, subject to the conditions set forth below.

I. Background and Proposal

2. Dominion, an interstate gas transmission business unit of Dominion Resources, Inc., is a natural gas company engaged in storing and transporting natural gas in interstate commerce for a variety of customers. Dominion currently operates approximately 10,000 miles of interstate pipeline in New York, Ohio, Pennsylvania, West Virginia, Virginia, and Maryland.

A. Proposed Facilities

3. The project includes expansions and enhancements to four of Dominion's existing storage pools: the Greenlick Storage Complex, the Racket-Newberne Storage Complex, the Sabinsville Storage Complex, and the Woodhull Storage Complex. In addition, to meet the transmission-related incremental capacity requirements of the proposed project, Dominion plans to retest three segments of its PL-1 pipeline system in order to reestablish previous operating and pressure levels, and to install additional compression at its existing Quantico Compressor Station. The proposals will enable Dominion to provide an additional 71.5 MMcf per day of net storage deliverability and 4.29 Bcf of storage capacity, and firm transportation service of 180 MMcf per day.

4. The Greenlick Storage Complex, in Potter and Clinton Counties, Pennsylvania, consists of a network of injection and withdrawal wells, observation wells, and compressor units.¹ Dominion proposes to drill six new storage wells and install approximately 0.45 miles of associated well pipelines to increase the late season deliverability of the storage complex. Each new well will require a well pad and a six-inch diameter well line. Withdrawals from the Greenlick Storage Complex will be delivered to Dominion's TL-454 and LN-50 pipelines.

5. The Racket-Newberne Storage Complex, in Gilmer County, West Virginia, consists of a network of injection and withdrawal wells, observation wells, two storage reservoirs, and delivery facilities.² Dominion proposes to construct a new compressor station at the Racket-Newberne Storage Complex, consisting of one 1,150 horsepower reciprocating compressor, to allow currently certificated working gas to be more readily cycled, while maintaining deliverability at existing levels. The addition of the proposed facilities will enable Dominion to cycle an additional 1 Bcf of working gas that is currently held to maintain late season pool pressure.³

6. The Sabinsville Storage Complex, in Tioga County, Pennsylvania, consists of a network of injection and withdrawal wells, observation wells, and compressor units.⁴ Dominion proposes to drill eight new storage wells and install approximately 1.52 miles of associated well pipelines at the existing Sabinsville Storage Complex. Dominion also proposes to expand the existing compressor station by adding 8,170 horsepower of compression through a natural gas-fired reciprocating unit to improve late season deliverability from the pool and to add desiccant dehydration capacity to provide for the ability to peak at higher rates from the reservoir. In addition, Dominion seeks to install a gas-fired turbine to relay gas from various sources on the transmission system and upgrade its existing piping to accommodate gas deliveries into Dominion's various

¹ The Greenlick Storage Complex was originally certificated in 1962. *New York State Natural Gas Corporation, (New York State Natural Gas)*, 27 FPC 859 (1962).

² Construction and operation of the storage field was "grandfathered" to Dominion from Hope Gas Inc. In 2002, operating parameters were authorized in *Dominion Transmission, Inc.*, 98 FERC ¶ 61,161 (2002).

³ The 1 Bcf of working gas is a portion of the previously authorized, unsubscribed inventory that was reserved by Dominion for operational purposes.

⁴ The Sabinsville Storage Complex was originally certificated in 1950. *New York State Natural Gas*, 9 FPC 271 (1950).

transmission pipelines. Dominion's proposal will allow it to increase the maximum daily withdrawal rate of the Sabinsville Storage Complex by 100 MMcf per day from 418 to 518 MMcf per day.

7. The Woodhull Storage Complex, in Steuben County, New York, consists of a network of injection and withdrawal wells, observation wells, and compressor units.⁵ Dominion proposes to expand the compressor station by adding two reciprocating units consisting of a total of 3,600 horsepower. The additional compression will allow Dominion to cycle the additional working gas. Dominion proposes to convert 3.29 Bcf of cushion gas into working gas, thus increasing the working gas capacity of the storage field from 17.307 Bcf to 20.597 Bcf.

8. The Quantico Compressor Station, located in Fauquier County, Virginia, consists of one 6,100 horsepower compressor unit.⁶ Dominion proposes to add 7,800 horsepower of additional compression to the Quantico Station. The gas compressor on the existing gas turbine will be reconfigured to accommodate anticipated changes in peak rate pressure and flow conditions and to ensure that the two units will be able to meet the new incremental peak demand.

9. The existing PL-1 transmission pipeline consists of 109.8 miles of 30-inch pipeline with its southern terminus in Loudoun County, Virginia and continuing north to its terminus in Juniata County, Pennsylvania. At various times in the early 1990's, three segments of Line PL-1 were reclassified as Class II in accordance with the United States Department of Transportation's safety regulations,⁷ causing the Maximum Allowable Operating Pressure (MAOP) of these sections of pipeline to be reduced from 1,250 psig to 1,208 psig. In order to restore the MAOP to the operating levels prior to the reduction, Dominion plans to hydrostatically test these three segments of the existing PL-1 pipeline. As a result of increasing MAOP of the line segments on PL-1 and the additional compression at the Quantico and Sabinsville stations, Dominion will be able to provide an additional 184,994 Dth per day of firm transportation service. Dominion does not

⁵ The Woodhull Storage Complex was originally certificated in 1957. *New York State Natural Gas*, 17 FPC 820 (1957).

⁶ The Quantico Compressor Station was originally certificated in 2003. *Dominion Transmission, Inc.*, 104 FERC ¶ 61,267 (2003), *order amending certificate*, 115 FERC ¶ 62,296 (2006).

⁷ 49 C.F.R. § 192.611 (2007).

propose to construct any additional transmission facilities to provide the proposed transportation service.

10. Dominion conducted an open season from August 9 through August 25, 2005. As a result of the open season, Dominion executed four precedent agreements that fully subscribed the project facilities for an initial term of 15 years providing for firm transportation services totaling 184,994 Dth per day under Rate Schedule FT and 4,410,120 Dth of firm storage capacity and 73,502 Dth per day of storage demand under Rate Schedule GSS. The proposed commencement date is April 1, 2009, for storage service and November 1, 2009, for the firm transportation service. The precedent agreements signed with Baltimore Gas and Electric Company (BGE) and Columbia Gas of Virginia, Inc. (Columbia Gas of Virginia) provide for storage and transportation service. The precedent agreements signed with Virginia Natural Gas, Inc. (Virginia Natural Gas) and United States Gypsum Company (United States Gypsum) provide only for gas transportation service with a primary point of delivery at the Quantico Interconnection located in Fauquier County, Virginia. Specifically, Dominion will provide 38,994 Dth per day of firm transportation for BGE, 40,000 Dth per day of firm transportation for Columbia Gas of Virginia, 100,000 Dth per day of firm transportation for Virginia Natural Gas, and 6,000 Dth per day of firm transportation for United States Gypsum. In addition, Dominion will provide 2,339,640 Dth of storage capacity for BGE and 2,070,480 Dth of storage capacity for Columbia Gas of Virginia.

B. Rate Proposal

11. Dominion states that the proposed incremental GSS storage rates consist of: (1) storage demand of \$4.9599 per Dth; (2) storage capacity of \$0.0827 per Dth; and (3) 100 percent load factor rate of \$1.9840 per Dth. The proposed rates are based on an annual cost of service of \$8,749,572 for the third full year of service, which consists of: (1) operation and maintenance expenses of \$609,638; (2) depreciation expense of \$1,282,422; (3) other taxes of \$831,010; and (4) pretax return of \$6,026,500. Dominion requests that storage customers of the project also pay injection and withdrawal charges, the applicable fuel retention percentage, and all other generally-applicable surcharges and penalties applicable under Rate Schedule GSS.

12. For the transportation service, Dominion proposes to charge its existing Rate Schedule FT rate because the incremental cost-based transportation rate for the project would be less than Dominion's existing firm transportation rate. Dominion requests that the Commission make a preliminary determination that the costs associated with the expansion facilities for firm transportation capacity be rolled into Dominion's existing system rates in Dominion's next general rate proceeding under section 4 of the NGA. Dominion proposes that transportation customers of the project pay the rates, charges, surcharges, and penalties pursuant to Rate Schedule FT, including the maximum

reservation charge, maximum usage charge, and the maximum system-wide fuel retention percentage, as well as all other applicable surcharges and penalties.

13. Dominion proposes to use its system depreciation rate of 2.5 percent for both storage and transmission facilities, consistent with the rates approved in the settlement in Docket No. RP97-406.⁸ The pretax annual rate base and return for the first four years of service is 13.7 percent, which is based on the settlement. Dominion estimates that the proposed facilities constructed for the transportation and storage service will cost an estimated \$90,588,500.

14. Dominion asserts that the proposed rates for the services provide adequate financial support to cover the costs of the proposed facilities. Dominion additionally claims that the rates charged to customers of the project will support the entire cost of the facilities associated with the project. Further, Dominion states that its existing customers will not subsidize the project nor will their rates be affected by the project.

II. Notice and Interventions

15. Notice of Dominion's application was published in the *Federal Register* on December 28, 2006 (71 Fed. Reg. 78,172). The parties listed in Appendix A filed timely, unopposed motions to intervene.⁹

16. National Fuel Gas Distribution Corporation (National Fuel) filed an untimely motion to intervene. National Fuel's motion shows that they have a direct and substantial interest in this proceeding, and that granting the motion will not delay the proceeding or cause undue prejudice to the other parties. For good cause shown, National Fuel's motion will be granted.

17. Columbia Gas of Virginia and Virginia Natural Gas filed comments in support of the proposed project. There were no adverse comments or protests to Dominion's proposals.

⁸ *CNG Transmission, Corp.*, 85 FERC ¶ 61,261 (1998).

⁹ Timely, unopposed motions to intervene are granted by operation of Rule 214 of the Commission's regulations. 18 C.F.R. § 385.214(a)(3) (2007).

III. Discussion

18. Since the proposed facilities will be used to transport natural gas in interstate commerce, the construction and operation of the proposed facilities is subject to the jurisdiction of the Commission and the requirements of subsections (c) and (e) of section 7 of the NGA.

A. Certification of Facilities

19. The Certificate Policy Statement provides guidance as to how the Commission will evaluate proposals for certificating new construction.¹⁰ The Certificate Policy Statement established criteria for determining whether there is a need for a proposed project and whether the proposed project will serve the public interest. The Certificate Policy Statement explained that in deciding whether to authorize the construction of major new pipeline facilities, the Commission balances the public benefits against the potential adverse consequences. Our goal is to give appropriate consideration to the enhancement of competitive transportation alternatives, the possibility of overbuilding, subsidization by existing customers, the applicant's responsibility for unsubscribed capacity, and the avoidance of the unnecessary exercise of eminent domain or other disruptions of the environment.

20. Under the Certificate Policy Statement, the threshold requirement for existing pipelines proposing a new project is that the pipeline must be prepared to financially support the project without relying on subsidization from existing customers. The next step is to determine whether the applicant has made efforts to eliminate or minimize any adverse effects the new project might have on the applicant's existing customers, existing pipelines in the market and their captive customers, or landowners and communities affected by the location of the new facilities. If residual adverse effects on these interest groups are identified after efforts have been made to minimize them, we evaluate the project by balancing the public benefits to be achieved against the residual adverse effects. This is essentially an economic test. Only when the benefits outweigh the adverse effects on the economic interests will the Commission proceed to complete the environmental analysis where other interests are considered.

¹⁰ *Certification of New Interstate Natural Gas Pipeline Facilities (Policy Statement on New Facilities)*, 88 FERC ¶ 61,227 at 61,748 (1999); *Order Clarifying Statement of Policy*, 90 FERC ¶ 61,128 (2000); and *Order Further Clarifying Statement of Policy*, 92 FERC ¶ 61,094 (2000).

21. As stated, the threshold requirement is that the applicant must be prepared to financially support the project without relying on subsidization from its existing customers. Dominion states that the storage services to be provided by the proposed project will be incrementally priced. The Commission has previously determined that where a pipeline proposes to charge an incremental rate for new construction, the pipeline satisfies the threshold requirement that the project will not be subsidized by existing shippers.¹¹ The Commission finds that the proposal submitted by Dominion has satisfied the threshold requirement of the Certificate Policy Statement.

22. The Commission finds that there will be no negative impacts on existing storage providers or their captive customers because the proposal is for new incremental storage services and is not intended to replace existing customers' services on Dominion's pipeline or any other existing pipeline. Additionally, no storage company in Dominion's market area has protested Dominion's application. Further, the project will not adversely impact landowners because the majority of facilities will be constructed on land owned by Dominion or on land in which Dominion holds certain leasehold rights, thereby minimizing impact to property. Further, no landowners have submitted protests to Dominion's certificate application. Accordingly, the Dominion project meets the requirements of the Certificate Policy Statement and is required by the public convenience and necessity. Consequently, the Commission will approve the proposal, as conditioned below.

B. Rates

23. Dominion proposes an incremental rate treatment for the storage service to recover the costs of its incremental storage services because the demand and capacity storage rates associated with the incremental storage facilities are higher than its existing recourse rates. The proposed rates for storage service will be provided under Rate Schedule GSS. The critical element in reviewing rate design, particularly incremental rates, is to ensure that there is a proper assignment of costs and that the respective shippers pay for the service they receive and the project can proceed without subsidies from the pipeline's existing customers. In this instance, Dominion's existing customers should not pay for the expansion of the system if they do not benefit or receive service from the incremental facilities, nor should Dominion be permitted to shift any costs to them. The Commission approves Dominion's proposed incremental rate treatment for storage services. However, to further protect the existing customers, the Commission requires Dominion to keep separate books and accounting of the costs attributable to the

¹¹ See, e.g., *Transcontinental Gas Pipe Line Corp.*, 98 FERC ¶ 61,155 (2002).

proposed incremental service. Further, the books should be maintained with applicable cross-reference as required by section 154.309 of the Commission's regulations.¹²

24. Additionally, Dominion requests pre-determination of rolled-in rate treatment for the proposed firm transportation service because the incremental transportation rate of \$3.2965 per Dth is lower than the existing Rate Schedule FT transportation rate of \$3.8820 per Dth. Further, Dominion presented evidence in Exhibit N of its application that the estimated incremental revenues will exceed the estimated incremental cost of service in each of the first four years of the project life. Based upon Dominion's projections, the Commission finds that permitting rolled-in rate treatment should not be a subsidy for existing customers. Therefore, the Commission grants a pre-determination for rolled-in rate treatment for the proposed transportation service in Dominion's next section 4 rate proceeding, absent any significant change in circumstances.

25. Dominion states in its answer filed on February 5, 2007, to a Commission data request (February 5 answer), that it will assign a descriptor to each unit of utility property, plant, and equipment associated with the project for the proposed incremental storage service. The descriptor will allow the applicable facility costs to be identified. Dominion states that it will develop separate costs of service for each incremental storage project, until such point that the resulting reservation rate or demand and capacity rates are less than the comparable system-wide rates. Dominion claims that in its first general rate proceeding, following the commencement of service, it will evaluate the rates and determine whether rolled-in rate treatment for storage service is appropriate at that time.

26. Dominion also asserts in its February 5 answer, that the project costs of service, book and tax depreciation, and deferred taxes will be calculated based on the applicable gross plant. Property taxes will be directly assigned, if available or calculated based on the applicable formula for the locale and/or state. Additionally, operation or maintenance expenses will be directly assigned, where possible, or calculated based on the average system-wide unit cost for the facility type. Working capital will be allocated based on the ratio of gross plant for the transportation or storage expansion facilities to total gross plant. Finally, pretax return used will be that approved for the project or the currently effective system-wide pretax return.

27. Dominion claims that calculating separate costs of service for the transportation and storage expansion projects using the methods described above will ensure that the project is not subsidized by Dominion's other customers. The proposed rates will cover direct costs and will cover a reasonable allocation of costs not directly assignable. This

¹² 18 C.F.R. §154.309 (2007).

methodology is widely used for incremental projects of all types on natural gas pipeline systems and will be familiar to the parties in any future Dominion rate proceedings.

28. In regard to cost overrun, Dominion states in its February 5 answer that it will not increase the initial rates if the project costs more than expected, nor lower the initial rates if the project costs less than expected. Additionally, the initial rates will not change until subsequent Commission action pursuant to section 4 or 5 of the NGA. Finally, Dominion claims that any cost overruns or savings will be dealt with at that time.

29. Dominion's proposed capital structure of 37.95 percent debt and 62.05 percent equity with a pretax return of 13.70 percent for the incremental service is consistent with Dominion's currently approved system-wide levels.¹³ As consistent with Commission policy, we will approve the proposed capital structure for incremental rates that reflects the system-wide approved capital structure and pretax return.¹⁴

C. Engineering Analysis

30. The Commission performed an engineering analysis and review of Dominion's proposed natural gas facilities. The Commission concludes that the geological and engineering parameters for Dominion's underground natural gas storage facilities are well defined. Based on this analysis, the Commission finds that the Woodhull Storage Complex is appropriately designed to provide a gas storage inventory of 35.8 Bcf (with a working gas capacity 20.6 Bcf) at 14.73 psia and 60°F. Additionally, the Commission finds that the Sabinsville storage facilities are capable of withdrawing up to 518 MMcf per day. We will require, Dominion to file an annual inventory study for the Greenlick, Woodhull, Sabinsville, and Racket-Newberne storage fields to mitigate any losses in inventory and review the integrity of the Dominion's storage facilities.

D. Environmental Analysis

31. On January 17, 2007, we issued a Notice of Intent to Prepare an Environmental Assessment for the proposed USA Storage Project and Request for Comments on

¹³ *CNG Transmission Corp.*, 85 FERC ¶ 61,261 (1998).

¹⁴ *Texas Eastern Transmission, LP.*, 99 FERC ¶ 61,383 at 62,625 (2002); *Kern River Gas Transmission Co.*, 98 FERC ¶ 61,205 at 61,721-22 (2002); *Trailblazer Pipeline Co.*, 95 FERC ¶ 61,258 at 61,903 (2001); *Transcontinental Gas Pipe Line Corp.*, 93 FERC ¶ 61,241 at 61,788 (2000); *Algonquin Gas Transmission Co.*, 87 FERC ¶ 61,262 at 61,990 (1999).

Environmental Issues (NOI). We received responses to the NOI from the West Virginia Division of Natural Resources (West Virginia DNR), Marilyn and James Carter, and the U.S. Fish and Wildlife Service (FWS).

32. Our staff prepared an EA for Dominion's proposal. The EA addresses the substantive comments to the NOI as well as, geology and soils, water resources and wetlands, vegetation, wildlife and fisheries, threatened and endangered species, land use and recreation, cultural resources, air and noise quality, and alternatives. Based on the discussion in the EA, we conclude that if construction of the project is done in accordance with Dominion's application and supplement(s), approval of this proposal would not constitute a major federal action significantly affecting the quality of the human environment.

33. The West Virginia DNR filed comments, stating that if the new Racket-Newberne Compressor Station is constructed and operated in compliance with the West Virginia Air Quality Standards concerning the emissions of volatile organic compounds and the station is sited in an upland location, they would not anticipate any significant environmental concerns from the proposed project in West Virginia. The compressor station would be located on an upland ridgeline overlooking Tanner Creek and County Route 7. Dominion has agreed to comply with all state air quality standards. Finally, section B.7.0 of the EA discusses the project's impacts to air and noise quality and concludes that the impact will be minimal in regard to the air quality and not significant in regard to the noise quality.

34. Marilyn and James Carter filed comments concerning compensation for the acquisition of right-of-way and limitations on their ability to lease their property for oil-well drilling. Pipelines are required to pay compensation to landowners for easements across the landowner's property. Compensation for the granting of an easement is determined as a result of negotiations between the pipeline company and the landowner. These negotiations could potentially include compensation for damage to the property or for any perceived loss of property value. The Commission does not get involved in negotiations involving compensation issues. The concerns raised here are not relevant to a determination of whether the proposals are in the public interest.

35. The FWS Pennsylvania Field Office filed comments stating that three federally listed threatened and endangered species may exist within the Pennsylvania portion of the project area and recommending that Dominion perform surveys of the project area to determine the species' presence. However, further consultation with the FWS revealed that no impacts to these species are anticipated due to the size, scope, and location of the project. In correspondence with the Commission dated March 28, 2007, the FWS concluded that "except for occasional transient species, no federally listed or proposed threatened or endangered species under our jurisdiction are known to occur within the

project impact area. Therefore, no biological assessment nor further consultation under the Endangered Species Act are required with the [FWS].”

36. Any state or local permits issued with respect to the jurisdictional facilities authorized herein must be consistent with the conditions of this certificate. The Commission encourages cooperation between interstate pipelines and local authorities. However, this does not mean that state and local agencies, through application of state or local laws, may prohibit or unreasonably delay the construction/replacement or operation of facilities approved by this Commission.¹⁵

37. Dominion shall notify the Commission’s environmental staff by telephone, e-mail, or facsimile of any environmental noncompliance identified by other federal, state, or local agencies on the same day that such agency notifies Dominion. Dominion shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

IV. Conclusion

38. For the reasons discussed above, the Commission finds that Dominion’s proposal is required by the public convenience and necessity and that the requested certificate regarding the facilities described in this order and in the applications should be granted, subject to the conditions discussed herein and listed in Appendix B.

39. The Commission, on its own motion, received and made part of the record in this proceeding all evidence, including the application and exhibits thereto, submitted in support of the authorizations sought herein, and upon consideration of the record,

The Commission orders:

(A) In Docket No. CP07-31-000, a certificate of public convenience and necessity is issued to Dominion authorizing it to construct, own, and operate the storage and pipeline facilities, known as the USA Storage Project, as described more fully in this order and in the application.

¹⁵ See, e.g., *Schneidewind v. ANR Pipeline Co.*, 485 U.S. 293 (1988); *National Fuel Gas Supply v. Public Service Commission*, 894 F.2d 571 (2d Cir. 1990); and *Iroquois Gas Transmission System, L.P., et al.*, 52 FERC ¶ 61,091 (1990) and 59 FERC ¶ 61,094 (1992).

(B) The certificate issued in Ordering Paragraph (A) is conditioned upon Dominion's compliance with all applicable Commission regulations under the NGA, particularly the general terms and conditions set forth in Parts 154, 157 and 284, and paragraphs (a), (c), (e) and (f) of section 157.20 of the regulations. The facilities authorized in Ordering Paragraph (A) shall be completed and made available for service by November 1, 2009, in accordance with section 157.20(b) of the regulations.

(C) Dominion shall execute firm service agreements equal to the level of service represented in its precedent agreements prior to commencing construction.

(D) The certificate issued in Ordering Paragraph (A) is conditioned upon Dominion's compliance with the environmental conditions set forth in Appendix B to this order.

(E) Dominion shall notify the Commission's environmental staff by telephone, e-mail, and/or facsimile of any environmental noncompliance identified by other federal, state, or local agencies on the same day that such agency notifies Dominion. Dominion shall file written confirmation of such notification with the Secretary of the Commission (Secretary) within 24 hours.

(F) The certificate issued in Ordering Paragraph (A) is conditioned on Dominion's:

(1) ensuring that the maximum gas storage inventory stored not exceed 35.8 Bcf at 14.73 psia and 60°F for the Woodhull Storage Complex;

(2) ensuring the maximum daily withdrawal rate for the Sabinsville Storage Complex not exceed 518 MMcf per day;

(3) conducting an annual inventory verification study on Sabinsville Storage Complex, Woodhull Storage Complex, Racket-Newberne Storage Complex, and Greenlick Storage Complex.

(G) Dominion shall file actual tariff sheets in accordance with section 154.207 of the Commission's regulations not less than 30 days and not more than 60 days prior to commencing service, consistent with the pro forma sheets submitted in this application.

(H) Dominion is granted a predetermination supporting rolled-in rate treatment for the transportation costs of the project authorized in this order in a future NGA section 4 rate proceeding, provided there are no significant changes in the relevant facts and circumstances forming the basis for this predetermination.

(I) Dominion's proposal to use its existing transportation rate under Rate Schedule FT is approved.

(J) Dominion's proposed incremental demand and capacity rates under Rate Schedule GSS are approved.

(K) National Fuel's untimely motion to intervene is granted.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

Appendix A

**Parties Who Filed Timely, Unopposed Motions to Intervene
in Docket No. CP07-31-000**

PPL Gas Utilities Corporation
Baltimore Gas and Electric Company
New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation
(collectively, Energy East Companies)
Virginia Natural Gas, Inc.
Piedmont Natural Gas Company, Inc.
Atmos Energy Corporation
Columbia Gas of Virginia, Inc.
NJR Energy Services Company
New Jersey Natural Gas Company
Statoil Natural Gas, LLC
Consolidated Edison Company of New York, Inc.
Philadelphia Gas Works
United States Gypsum Company
City of Richmond, Virginia
East Ohio Gas Company d/b/a Dominion East Ohio
Peoples Natural Gas Company d/b/a Dominion Peoples
Hope Gas, Inc. d/b/a Dominion Hope
KeySpan Delivery Companies
PECO Energy Company
PSEG Energy Resources and Trade, LLC.

Appendix B

Environmental Conditions for Dominion's Proposals in Docket No. CP07-31-000

As recommended in the environmental assessment, this authorization includes the following conditions:

1. Dominion shall follow the construction procedures and mitigation measures described in its application, supplements (including responses to staff data requests, and as identified in the EA, unless modified by this order. Dominion must:
 - a. request any modification to these procedures, measures, or conditions in a filing with the Secretary of the Commission (Secretary);
 - b. justify each modification relative to site-specific conditions;
 - c. explain how that modification provides an equal or greater level of environmental protection than the original measure; and
 - d. receive approval in writing from the Director of the Office of Energy Projects (OEP) before using that modification.
2. The Director of OEP has delegated authority to take whatever steps are necessary to ensure the protection of all environmental resources during construction and operation of the project. This authority shall allow:
 - a. the modification of conditions of this order; and
 - b. the design and implementation of any additional measures deemed necessary (including stop-work authority) to assure continued compliance with the intent of the environmental conditions as well as the avoidance or mitigation of adverse environmental impacts resulting from project construction.
3. **Prior to any construction**, Dominion shall file an affirmative statement with the Secretary, certified by a senior company official, that all company personnel, environmental inspectors, and contractor personnel will be informed of the environmental inspector's authority and have been or will be trained on the implementation of the environmental mitigation measures appropriate to their jobs **before** becoming involved with construction and restoration activities.
4. The authorized facility locations shall be as shown in the EA, as supplemented by

filed alignment sheets. **As soon as they are available, and before the start of construction**, Dominion shall file with the Secretary any revised detailed survey alignment maps/sheets at a scale not smaller than 1:6,000 with station positions for all facilities approved by this order. All requests for modifications of environmental conditions of this order or site-specific clearances must be written and must reference locations designated on these alignment maps/sheets.

5. Dominion shall file with the Secretary detailed alignment maps/sheets and aerial photographs at a scale not smaller than 1:6,000 identifying all route realignments or facility relocations, and staging areas, pipe storage yards, new access roads, and other areas that would be used or disturbed and have not been previously identified in filings with the Secretary. Approval for each of these areas must be explicitly requested in writing. For each area, the request must include a description of the existing land use/cover type, and documentation of landowner approval, whether any cultural resources or federally listed threatened or endangered species would be affected, and whether any other environmentally sensitive areas are within or abutting the area. All areas shall be clearly identified on the maps/sheets/aerial photographs. Each area must be approved in writing by the Director of OEP **before construction in or near that area**.

This requirement does not apply to extra workspace allowed by the *Upland Erosion Control, Revegetation, and Maintenance Plan*, minor field realignments per landowner needs and requirements which do not affect other landowners or sensitive environmental areas such as wetlands.

Examples of alterations requiring approval include all route realignments and facility location changes resulting from:

- a. implementation of cultural resources mitigation measures;
 - b. implementation of endangered, threatened, or special concern species mitigation measures;
 - c. recommendations by state regulatory authorities; and
 - d. agreements with individual landowners that affect other landowners or could affect sensitive environmental areas.
6. **At least 60 days before construction begins**, Dominion shall file an initial Implementation Plan with the Secretary for review and written approval by the Director of OEP describing how Dominion will implement the mitigation measures required by this order. Dominion must file revisions to the plan as schedules change. The plan shall identify:

- a. how Dominion will incorporate these requirements into the contract bid documents, construction contracts (especially penalty clauses and specifications), and construction drawings so that the mitigation required at each site is clear to onsite construction and inspection personnel;
 - b. the number of environmental inspectors assigned per spread, and how the company will ensure that sufficient personnel are available to implement the environmental mitigation;
 - c. company personnel, including environmental inspectors and contractors, who will receive copies of the appropriate material;
 - d. the training and instructions Dominion will give to all personnel involved with construction and restoration (initial and refresher training as the project progresses and personnel change), with the opportunity for OEP staff to participate in the training session(s);
 - e. the company personnel (if known) and specific portion of Dominion's organization having responsibility for compliance;
 - f. the procedures (including use of contract penalties) Dominion will follow if noncompliance occurs; and
 - g. for each discrete facility, a Gantt or PERT chart (or similar project scheduling diagram), and dates for:
 - (1) the completion of all required surveys and reports;
 - (2) the mitigation training of onsite personnel;
 - (3) the start of construction; and
 - (4) the start and completion of restoration.
7. Dominion shall employ at least one environmental inspector per construction spread. The environmental inspector shall be:
- a. responsible for monitoring and ensuring compliance with all mitigation measures required by this order and other grants, permits, certificates, or other authorizing documents;
 - b. responsible for evaluating the construction contractor's implementation of the environmental mitigation measures required in the contract and any other authorizing document;
 - c. empowered to order correction of acts that violate the environmental conditions of this order, and any other authorizing document;
 - d. a full-time position, separate from all other activity inspectors;
 - e. responsible for documenting compliance with the environmental conditions of this order, as well as any environmental conditions/permit requirements imposed by other federal, state, or local agencies; and
 - f. responsible for maintaining status reports.

8. Dominion shall file updated status reports prepared by the chief environmental inspector with the Secretary on a **biweekly basis until all construction and restoration activities are complete**. On request, these status reports will also be provided to other federal and state agencies with permitting responsibilities. Status reports shall include:
 - a. the current construction status of each spread, work planned for the following reporting period, and any schedule changes for stream crossings or work in other environmentally sensitive areas;
 - b. a listing of all problems encountered and each instance of noncompliance observed by the environmental inspector(s) during the reporting period (both for the conditions imposed by the Commission and any environmental conditions/permit requirements imposed by other federal, state, or local agencies);
 - c. corrective actions implemented in response to all instances of noncompliance, and their cost;
 - d. the effectiveness of all corrective actions implemented;
 - e. a description of any landowner/resident complaints which may relate to compliance with the requirements of this order, and the measures taken to satisfy their concerns; and
 - f. copies of any correspondence received by Dominion from other federal, state or local permitting agencies concerning instances of noncompliance, and Dominion's response.
9. Dominion must receive written authorization from the Director of OEP **before commencing service** from the project. Such authorization will only be granted following a determination that rehabilitation and restoration of the right-of-way and other areas affected by the project are proceeding satisfactorily.
10. **Within 30 days of placing the certificated facilities in service**, Dominion shall file an affirmative statement with the Secretary, certified by a senior company official:
 - a. that the facilities have been constructed, installed and modified in compliance with all applicable conditions, and that continuing activities will be consistent with all applicable conditions; or
 - b. identifying which of the certificate conditions Dominion has complied with or will comply with. This statement shall also identify any areas affected by the project where compliance measures were not properly implemented, if not previously identified in filed status reports, and the reason for

noncompliance.

11. Dominion shall defer implementation of any treatment plans/measures (including archaeological data recovery), construction of facilities, and use of staging, storage, and temporary work areas, and new or to be improved access roads in West Virginia until:
 - Dominion files with the Secretary cultural resource survey and evaluation reports, any necessary treatment plans, and the West Virginia State Historic Preservation Office comments; and
 - the Director of OEP reviews and approves all cultural resources survey reports and plans and notifies Dominion in writing that treatment plans/measures may be implemented or construction may proceed.

All material filed with the Commission containing location, character, and ownership information about cultural resources must have the cover and any relevant pages therein clearly labeled in bold lettering: **“CONTAINS PRIVILEGED INFORMATION--DO NOT RELEASE”**.

12. Dominion shall make all reasonable efforts to assure its predicted noise levels from the modified Quantico and Woodhull Compressor Stations and proposed Racket-Newberne Compressor Station are not exceeded at nearby noise sensitive areas (NSAs) and file noise surveys showing this with the Secretary **no later than 60 days after placing the modified Quantico and Woodhull Compressor Stations and Racket-Newberne Compressor Station in service**. However, if the noise attributable to the operation of the modified Quantico or Woodhull Compressor Stations or proposed Racket-Newberne Compressor Station at full load exceeds an L_{dn} of 55 dBA at any nearby NSAs, Dominion shall file a report on what changes are needed and shall install additional noise controls to meet the level within one year of the in-service date. Dominion shall confirm compliance with this requirement by filing a second noise survey with the Secretary no later than 60 days after it installs the additional noise controls.
13. Dominion shall conduct a noise survey at the Sabinsville Compressor Station to verify that the noise from all the equipment operated at full capacity does not exceed the previously existing noise levels that are at or above an L_{dn} of 55 dBA at the nearby NSAs. The results of this noise survey shall be filed with the Secretary **no later than 60 days after placing the authorized units in service**. If any of these noise levels are exceeded, Dominion shall, within one year of the in-service date, implement additional noise control measures to reduce the operating noise

level at the NSAs to or below the previously existing noise level. Dominion shall confirm compliance with this requirement by filing a second noise survey with the Secretary no later than 60 days after it installs the additional noise controls.