

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Dominion Cove Point LNG, LP

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Docket No. RP06-_____

**TESTIMONY OF
CHRISTINA STEWART-YORK
ON BEHALF OF
DOMINION COVE POINT LNG, LP**

1 Q. Please state your name, address and present employment.

2 A. My name is Christina L. Stewart-York, 120 Tredegar Street, Richmond, Virginia,
3 23219. I am a Pricing Analyst III in the Pricing & Rates Department at Dominion
4 Transmission, Inc. ("DTI").

5 Q. Please describe briefly your educational and professional background.

6 A. I received a Bachelor of Science degree in Business Administration with a major
7 in Economics and Finance from the University of the District of Columbia in
8 1992. I interned with CNG Transmission Corporation (predecessor of DTI)
9 working in various departments during the summer months of 1988 through 1992.
10 In February 1993, I was employed by CNG Transmission Corporation in the
11 General Accounting area and continued in this function through January 1998. I
12 was appointed to my current position in February 1998.

13 Q. In your current position as a Pricing Analyst III, what are your responsibilities?

14 A. My current responsibilities include: a) preparing DTI's Annual Fuel Report and
15 Annual Operational Sales Report; b) providing rate and financial estimates for

1 new DTI and Dominion South Pipeline (DSP) projects; c) providing support and
2 analysis for various rate filings and regulatory issues; d) maintaining the DSP
3 Tariff; e) preparing DSP tariff filings and Penalty Reports; and f) monitoring
4 other pipelines' rate changes and new service offerings.

5 Q. What are your responsibilities in this case?

6 A. My overall responsibility is to support Dominion Cove Point's ("DCP") cost of
7 plant and accumulated provisions for depreciation and amortization.

8 Q. More specifically, what is the purpose of your testimony?

9 A. I will support the computation of rate base as reflected in Statement B; plant
10 investment as reflected in Statements C, C-1 and C-2; accumulated depreciation
11 and amortization as reflected in Statement D; the computation of working capital
12 as reflected in Statement E and Schedule s E-1 and E-2; and storage inputs,
13 outputs and balances of Schedule E-3 of Exhibit No. DCP-4.

14 I also support the inclusion in rate base of certain reactivation costs, which
15 are detailed in the testimony of DCP Witness Frederick.

16 Finally, I support the inclusion in rate base of fuel used in August 2003,
17 which was necessary to place the LNG terminal and related facilities in service as
18 provided by 18 C.F.R. Part 201, Gas Plant Instructions 9.E and 3(21). The
19 operational necessity for use of this fuel is discussed in the testimony of DCP
20 Witness Frederick.

21 **COST OF PLANT**

22 Q. Please describe Statement B.

1 A. Statement B presents the computation of rate base and the return allowance and is
2 separated by function into Other Storage, LNG Terminaling and Processing and
3 Transmission. Intangible and other costs are allocated among the three functions
4 through Statement I, which is supported by DCP Witness Grim's testimony. The
5 total plant cost is shown on Statement C, and the accumulated reserve for
6 depreciation and amortization is shown on Statement D. Net plant investment is
7 derived by subtracting total reserves for depreciation and amortization from total
8 plant investment. Working capital is supported in Statement E. DCP has no
9 regulatory assets or liabilities reflected in the computation of rate base. The
10 Statement C plant restoration cost of \$28 million functionalized as LNG
11 Terminaling and Processing is supported in the testimony of DCP Witness
12 Lovinger. Accumulated deferred income taxes are supported in Schedule B-1.
13 Multiplying the total rate base by the rate of return of 11.33% produces the
14 resulting return allowance included on Statement B and also on Statement A -
15 Cost of Service.

16 Q. Please explain Statement C.

17 A. Statement C shows the cost of plant and is presented in 3 parts. Part 1 reflects the
18 cost of plant for the entire DCP system ("Total System"). Part 2 ("General Plant")
19 reflects cost of plant for the Total System exclusive of the Cove Point East
20 facilities. Part 3 ("Cove Point East Facilities") reflects only the cost of plant for
21 Cove Point East facilities. For each part of Statement C, the beginning and
22 ending balances and changes in the plant accounts during the twelve months
23 ending March 31, 2006, are shown. The Test Period adjustments represent plant

1 additions which are expected to be in service by December 31, 2006, retirements,
2 and the elimination of costs of plant attributable to the Cove Point Terminal
3 Expansion Project. The additions and retirements were added to plant based on
4 quarterly project reports. Statement C also includes an adjustment for Plant Start-
5 up Costs. This amount will be discussed in more detail later in my testimony.

6 The Test Period plant to be included in Rate Base is carried forward to Statement
7 B.

8 Q. Please explain Schedule C-1.

9 A. Schedule C-1 shows gas plant in FERC Account Nos. 101, Gas Plant in Service,
10 and 114, Gas Plant Acquisition Adjustment, by gas plant account number within
11 each functional classification. This schedule is presented in 3 parts and contains
12 balances as of March 31, 2006, as adjusted. Gas plant balances for the Total
13 System are included in Part 1, for the General System in Part 2, and for the Cove
14 Point East Facilities in Part 3.

15 There are two Account No. 114: Acquisition Adjustments reflected in
16 Schedule C-1--both are charged only to the import shippers. As described by DCP
17 Witness Lovinger, one adjustment of \$23,051,204 is included pursuant to the
18 Reactivation Settlement in Docket No. CP01-76. The second adjustment reflects
19 the proposed restoration of original plant investment of \$28,000,000 and is
20 supported by DCP Witness Lovinger.

21 Q. Please describe Schedule C-2.

22 A. Schedule C-2 shows the list of work orders claimed in rate base.

23 Q. Please describe the contents of Statement D.

1 A. Statement D shows the accumulated provisions for depreciation, depletion and
2 amortization ("DD&A"). This statement is presented in 3 parts. Part 1 reflects
3 balances for the Total System; Part 2 reflects the balances for the General System;
4 and Part 3 reflects the balances for the Cove Point East Facilities. Each of the
5 statements shows the balances at the beginning of the base period, additions and
6 reductions during the base period, base period ending balances, test period
7 adjustments and the test period balances that DCP is including in rate base in this
8 proceeding.

9 Q. Please discuss Statement D, Part 2.

10 A. Statement D, Part 2 shows total accumulated provisions for DD&A for the
11 General System of \$66,451,811 as of the end of the test period on December 31,
12 2006. This level was derived by adjusting the base period balance for the
13 anticipated accumulated depreciation from April 1, 2006 through December 31,
14 2006, using DCP's currently effective depreciation and amortization rates. The
15 additions and retirements to plant anticipated from April 1, 2006 through
16 December 31, 2006, were included when deriving the test period adjustments.

17 Q. Please discuss Statement D, Part 3.

18 A. Statement D, Part 3, shows total accumulated provisions for DD&A for Cove
19 Point East Facilities of \$3,234,528. The same methodology described for
20 Statement D, Part 2, was used to calculate the test period adjustments for Part 3.
21 However, no eliminations were applicable for Cove Point East Facilities.

22 Q. Please describe Statement E and Schedule E-2.

1 A. Statement E is a summary of the items comprising the test period working capital
2 for materials and supplies and prepayments. The detail is set forth on supporting
3 Schedule E-2, Part 1. Schedule E-2 shows the thirteen monthly balances of
4 materials and supplies and prepayments for the Base Period ended March 31,
5 2006, as well as the average balances and any adjustments necessary to derive the
6 Test Period amounts. The calculations for the Test Period adjustments are
7 reflected on Schedule E-2, Parts 2 through 4.

8 Q. Please describe Schedules E-1 and E-3.

9 A. Schedule E-1 is for the computation of cash working capital. DCP is not
10 including an allowance for cash working capital in this filing. Schedule E-3
11 shows the storage inputs, outputs and balances associated with FERC Account
12 Nos. 117.3, 164.1, 164.2 and 164.3. DCP does not currently use these accounts.

13 **REACTIVATION COSTS**

14 Q. Please provide a brief overview of the reactivation of the DCP LNG terminal.

15 A. Dominion made significant investments in new facilities and in the refurbishment
16 of existing facilities, all of which were required to place the LNG terminal in
17 service. These capital expenditures began in October 2002. These reactivation
18 costs are explained in DCP Witness Frederick's testimony. DCP's current rates
19 do not include many of the costs associated with reactivation of the LNG
20 terminal. The costs for various activities required for reactivation that were not
21 originally included in developing the current rates are also discussed in DCP
22 Witness Frederick's testimony.

23 Q. What amount of reactivation costs is not reflected in DCP's current rates?

1 A. Reactivation costs that were not previously included are \$56,756,141. DCP
2 Witness Frederick's testimony details these additional costs and provides support
3 for the just and reasonableness of the costs. Since the costs were necessary to
4 place the LNG terminal and related facilities into service, DCP should be
5 permitted to recover these costs in rate base.

6 Q. Does the accumulated provision for depreciation on DCP's books reflect the
7 additional \$56,756,141 of reactivation costs?

8 A. Yes. Through the end of the test period, DCP will have included in the
9 accumulated provision for depreciation approximately \$9.0 million associated
10 with the nearly \$56.8 million of reactivation costs not included in current rates.
11 Thus, DCP will have no opportunity to collect from its customers both the \$9.0
12 million in depreciation expense and a return on the \$56.8 million investment
13 through the end of the test period.

14 **AUGUST 2003 FUEL**

15 Q. Referring back to Statement C, please explain the \$1,437,631 shown as Plant
16 Start-up Costs.

17 A. On March 25, 2005 and March 29, 2006, Commission orders established a
18 quantity of gas associated with August 2003 activity to be deferred until DCP's
19 next general Section 4 rate case (110 FERC ¶ 61,366 and 114 FERC ¶ 61,320).
20 DCP Witness Frederick provides support for the fuel used to reactivate the LNG
21 terminal and associated facilities, including fuel from the commissioning cargo.
22 DCP Witness Frederick testifies that 257,179 Dth of fuel was used to place the
23 facilities in service. The derivation of this quantity is sponsored by DCP Witness

1 Verdun. Pursuant to 18 C.F.R. Part 201, Gas Plant Instructions, No. 9.E and
2 3(21), DCP is permitted to increase its plant investment to reflect this start-up
3 cost. A portion of the commissioning cargo was not needed for plant startup.
4 Since DCP purchased, at its own expense, this commodity in the free market from
5 one of the LTD-1 shippers, and bore the risk of loss, DCP is not proposing to
6 credit any amounts related to the sale of this commodity.

7 Q. How did you derive at the \$1,437,631 amount?

8 A. As DCP Witness Frederick demonstrates, DCP used this gas during the
9 reactivation process. The replacement of the 257,179 Dth took place during
10 August 2003. Dominion's valuation rate for August 2003 was \$5.59/Dth, and
11 was based on the Dominion, delivered August 2003 Midpoint Average as
12 published in September 2003 Platt's Gas Daily Price Guide. When the valuation
13 rate is multiplied by the quantity of gas used, the result is a total cost of
14 \$1,437,631. I recommend that DCP plant investment be increased by the
15 \$1,437,631 and included in FERC Account No. 101, Gas Plant in Service.

16 Q. Does this conclude your testimony?

17 A. Yes, it does.

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AFFIDAVIT OF CHRISTINA STEWART-YORK

Christina Stewart-York, being first duly sworn according to law, affirms that she is the witness whose testimony appears on the preceding pages entitled "TESTIMONY OF CHRISTINA STEWART-YORK ON BEHALF OF DOMINION COVE POINT LNG, LP" in this proceeding; that, if asked the questions which appear in the text of the aforesaid testimony, affiant would give the answers that are therein set forth; and that affiant adopts the aforesaid testimony as her affirmed testimony in these proceedings.


Christina Stewart-York

Affirmed before me this 27 day of June, 2006.


Notary Public
District of Columbia
My Commission expires: 11/14/07