UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

DOMINION COVE POINT LNG, LP
Docket No. CP13-__-000

APPLICATION FOR AUTHORITY TO CONSTRUCT, MODIFY, AND OPERATE FACILITIES USED FOR THE EXPORT OF NATURAL GAS UNDER SECTION 3 OF THE NATURAL GAS ACT

AND

ABBREVIATED APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY UNDER SECTION 7 OF THE NATURAL GAS ACT

Cove Point Liquefaction Project

Filed: April 1, 2013

VOLUME I OF III

PUBLIC

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

April 1, 2013

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Dominion Cove Point LNG, LP
Cove Point Liquefaction Project
Docket No. CP13-__ -000

Dear Secretary Bose:

Dominion Cove Point LNG, LP ("DCP") hereby submits for filing, pursuant to Section 3(a) and Section 7(c) of the Natural Gas Act, as amended, and Part 153 and Part 157 of the Rules and Regulations of the Federal Energy Regulatory Commission ("FERC" or the "Commission"), an Application for authority to construct, modify, and operate facilities used for the export of natural gas under Section 3 of the NGA, and an Abbreviated Application for a Certificate of Public Convenience and Necessity under Section 7 of the NGA (the "Application"). This Application seeks authorization for certain facilities located in Calvert County, Maryland and Fairfax and Loudoun Counties, Virginia which comprise the Cove Point Liquefaction Project ("Project").

In accordance with 18 C.F.R. §§ 388.112 and 388.113, this Application consists of the following volumes:

Volume I – Public,
Volume II – Contains Privileged Information – Do Not Release, and
Volume III – Contains Critical Energy Infrastructure Information – Do Not Release.

DCP requests that, pursuant to 18 C.F.R. § 388.112, the information filed in Volume II be treated as privileged and confidential, and that it not be released to the public. This volume is labeled "Contains Privileged Information – Do Not Release" and contains information that is customarily treated as privileged and confidential.

DCP requests that, pursuant to 18 C.F.R. § 388.112, the information filed in Volume III be treated as Critical Energy Infrastructure Information (CEII), and that it not be released to the public. This volume is labeled "Contains Critical Energy Infrastructure Information – Do Not Release" and contains information that is customarily treated as CEII.

Pursuant to the Commission's Filing Guide/Qualified Document list, DCP is also sending three hard copies of the Application to the Commission.

Certification

I hereby certify that I have read and am familiar with the contents of the document comprising DCP's Application and Form of Notice, that the contents of the Application are true and correct to the best of my knowledge and belief, that the contents of the paper version are identical to the electronic version submitted herewith, and that the signers possess the full power and authority to sign this filing.

If you have any questions, please contact Amanda Prestage at 804-771-4416.

Respectfully submitted,

/s/ *Matthew R. Bley*

Matthew R. Bley
Dominion Transmission, Inc.
Manager, Gas Transmission Certificates
Dominion Cove Point LNG, LP
Authorized Representative
701 E. Cary Street, 5th Floor
Richmond, VA 23219

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Application of Dominion Cove Point LNG, LP under Sections 3 and 7 of the Natural Gas Act

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In the Matter of	]	**Docket No.**
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DOMINION COVE POINT LNG, LP	]	

APPLICATION OF DOMINION COVE POINT LNG, LP FOR AUTHORITY TO CONSTRUCT, MODIFY, AND OPERATE FACILITIES USED FOR THE EXPORT OF NATURAL GAS UNDER SECTION 3 OF THE NATURAL GAS ACT AND AN ABBREVIATED APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY UNDER SECTION 7 OF THE NATURAL GAS ACT

Cove Point Liquefaction Project

Matthew R. Bley
Authorized Representative
Dominion Cove Point LNG, LP
701 East Cary Street, 5th Floor
Richmond, VA 23219
Phone: (804) 771-4399
Facsimile: (804) 771-4804
E-mail: Matthew.R.Bley@dom.com

Margaret H. Peters
Assistant General Counsel
Dominion Resources Services, Inc.
120 Tredegar Street, RS-2
Richmond, VA 23219
Phone: (804) 819-2411
Facsimile: (804) 819-2183
E-mail: Margaret.H.Peters@dom.com

J. Patrick Nevins
Hogan Lovells USA LLP
555 Thirteenth Street, NW
Washington, D.C. 20004
Phone: (202) 637-6441
Facsimile: (202) 637-5910
E-mail:
Patrick.Nevins@hoganlovells.com

Filed April 1, 2013

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Dominion Cove Point LNG, LP	**)**	**Docket No. CP13- ___-000**

Application of Dominion Cove Point LNG, LP
under Sections 3 and 7 of the Natural Gas Act

Cove Point Liquefaction Project

Pursuant to Section 3(a)[1] of the Natural Gas Act ("NGA"), as amended, and Part 153[2] of the regulations of the Federal Energy Regulatory Commission ("FERC" or "Commission"), Dominion Cove Point LNG, LP ("DCP") hereby files this application ("Application") seeking authority to construct, modify, and operate facilities to be used for the liquefaction of natural gas for the export of liquefied natural gas ("LNG") at DCP's existing LNG terminal ("Cove Point LNG Terminal" or "LNG Terminal") located in Calvert County, Maryland ("Section 3 Facilities" or "Cove Point Liquefaction Facility" or "Liquefaction Facility").

In addition, pursuant to Section 7(c)[3] of the NGA, as amended, and Part 157[4] of the Commission's regulations, DCP hereby files this Application with the Commission seeking authority to construct, install, own, operate, and maintain facilities at DCP's existing compressor station and metering and regulating ("M&R") site located in Fairfax County, Virginia, and its M&R site located in

1 15 U.S.C. § 717b(a).
2 18 C.F.R. § 153 (2013).
3 15 U.S.C. § 717f.
4 18 C.F.R. § 157 (2013).

Loudoun County, Virginia ("Section 7 Facilities"), for the transportation of natural gas for the customers of the Cove Point Liquefaction Project ("Project").[5]

The Project will involve construction of new facilities and expansion of existing DCP facilities to provide gas liquefaction and LNG export services to customers that will provide their own gas supplies, as described more fully herein. Using the facilities proposed as part of the Project, combined with existing facilities, DCP will provide a bi-directional service of receiving and gasifying imported LNG from LNG vessels, and liquefaction of natural gas for loading onto LNG vessels for export at the Cove Point LNG Terminal. The LNG vessels will be owned and operated by third parties.

DCP has fully contracted the proposed bi-directional service at the LNG Terminal with two customers, each of which will contract for 50 percent of the available capacity. The two customers are: (1) Pacific Summit Energy, LLC, which is a United States ("U.S.") subsidiary of Sumitomo Corporation, a Japanese corporation that is one of the world's leading trading companies; and (2) a U.S. subsidiary of GAIL (India) Limited, the largest natural gas processing and distribution company in India (together, the "Export Customers"). These Export Customers have each entered into a 20-year agreement for the planned liquefaction and export/import services at the LNG Terminal, as well as a pipeline precedent agreement for an accompanying 20-year service agreement for firm transportation on the existing Cove Point Pipeline. The Export Customers will be

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5 As used herein, Project refers to both the Section 3 Facilities and Section 7 Facilities.

responsible for procuring their own supplies and transporting such supplies to or from the Cove Point LNG Terminal (depending on the direction of the service). In other words, DCP's terminal services for the Export Customers will be provided as a "tolling service."

DCP proposes to commence construction of the Section 3 Facilities in the first quarter of 2014 in order to meet a targeted in-service date of June 2017. In addition, DCP proposes to commence construction of the Section 7 Facilities in the first quarter of 2016 in order to be able to place those facilities in-service by March 2017, as explained below. To meet this schedule, DCP respectfully requests that the Commission issue a final Order authorizing the Project no later than February 1, 2014.

DCP respectfully submits that the Section 3 Facilities are not inconsistent with the public interest, as required by NGA Section 3. Further, pursuant to NGA Section 7, the Section 7 Facilities satisfy the guidelines set forth in the 1999 Statement of Policy Regarding Certification of New Interstate Natural Gas Pipeline Facilities ("1999 Policy Statement"),[6] as the proposal: (i) will provide increased natural gas firm transportation services; (ii) will have no adverse consequences on existing customers, existing pipelines, or affected landowners; and (iii) will result in no financial subsidization of the Project by existing

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

customers. Thus, the Project is fully consistent with Commission policies and should be approved.

In support of this Application, DCP respectfully shows as follows:

I. INFORMATION REGARDING THE APPLICANT

The exact legal name of DCP is Dominion Cove Point LNG, LP. DCP is a limited partnership organized and existing under the laws of the State of Delaware with its principal place of business at 2100 Cove Point Road, Lusby, Maryland, 20657, and offices at 701 East Cary Street, Richmond, Virginia, 23219. DCP owns the Cove Point LNG Terminal, as well as an 88-mile gas pipeline (*i.e.*, Cove Point Pipeline) connecting the LNG Terminal to the interstate pipeline grid.

DCP is a subsidiary of Dominion Resources, Inc. ("DRI"), one of the nation's largest producers and transporters of energy. DRI is a corporation organized and existing under the laws of the Commonwealth of Virginia with its principal place of business at 120 Tredegar Street, Richmond, Virginia, 23219.

The names, titles and mailing addresses of the persons to whom correspondence and communications concerning this Application are to be addressed are:

Matthew R. Bley
Dominion Transmission, Inc.
Manager, Gas Transmission Certificates
Dominion Cove Point LNG, LP
Authorized Representative
701 East Cary Street, 5th Floor
Richmond, VA 23219
Phone: (804) 771-4399
Facsimile: (804) 771-4804
E-mail: Matthew.R.Bley@dom.com

Margaret H. Peters
Assistant General Counsel
Dominion Resources Services, Inc.
120 Tredegar Street, RS-2
Richmond, VA 23219
Phone: (804) 819-2411
Facsimile: (804) 819-2490
E-mail: Margaret.H.Peters@dom.com

J. Patrick Nevins
Hogan Lovells USA LLP
555 Thirteenth Street, NW
Washington, D.C. 20004
Phone: (202) 637-6441
Facsimile: (202) 637-5910
E-mail:
Patrick.Nevins@hoganlovells.com

These persons are designated to receive service under 18 C.F.R. §385.203(b)(3), and should be placed on the official service list for this proceeding pursuant to 18 C.F.R. §385.2010.

DCP requests waiver of 18 C.F.R. §385.203(b)(3) to allow more than two persons to be designated to receive service and to whom communications regarding this proceeding are to be addressed.

II. DESCRIPTION OF EXISTING OPERATIONS

DCP owns and operates the Cove Point LNG Terminal, an LNG import terminal located in Lusby, Calvert County, Maryland.[7] DCP was initially authorized in 1972 to construct and operate the LNG Terminal and the Cove

7 DCP acquired the Cove Point LNG Terminal and Cove Point Pipeline in September 2002. "DCP" will also be used herein to refer to prior owners when discussing the history of the facility.

Point Pipeline as part of a project to import LNG and transport natural gas to U.S. markets.[8] In 1980, major changes in the market for natural gas led to the suspension of LNG imports. In 1994, the Commission authorized DCP to construct a liquefaction unit[9] to liquefy domestic natural gas in order to provide LNG peaking and storage services.[10] In 2001, DCP obtained Commission authorization to construct new facilities and to reactivate existing facilities to resume imports at the LNG Terminal, and to provide LNG terminal services for shippers under Rate Schedules LTD-1 and LTD-2.[11] DCP placed the LNG import facilities in service and began to receive ships in the fall of 2003. In November 2004, the Commission authorized DCP to place in service a fifth LNG storage tank, with a capacity of 2.8 billion cubic feet ("Bcf"), adding to the then-existing four tanks with their combined storage capacity of 5.0 Bcf.

In 2006, the Commission approved the Cove Point Expansion Project, which included the expansion of the Cove Point LNG Terminal and Cove Point Pipeline, as well as the construction by Dominion Transmission, Inc. ("DTI")[12] of related downstream pipeline and storage facilities.[13] The LNG Terminal

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8 Opinion No. 622, 47 FPC ¶ 1624 (1972), *aff'd and modified*, Opinion No. 622-A, 48 FPC 723 (1972).
9 The liquefaction unit was sized to liquefy up to a nominal 15,000 Mcf of gas per day.
10 Cove Point LNG Limited Partnership, 68 FERC ¶ 61,377 (1994), *recons. denied*, 69 FERC ¶ 61,292 (1994).
11 Cove Point LNG Limited Partnership, 97 FERC ¶ 61,043 (2001), *order on reh'g*, 97 FERC ¶ 61,276 (2001), o*rder on reh'g and clarif.*, 98 FERC ¶ 61,270 (2002).
12 DTI, an affiliate of DCP and a subsidiary of DRI, is primarily a provider of interstate natural gas transportation and storage services. It owns and operates underground natural gas storage systems, and has approximately 8,000 miles of pipeline in six states including Ohio, West Virginia, Pennsylvania, New York, Maryland, and Virginia.
13 Dominion Cove Point LNG, LP, 115 FERC ¶ 61,337 (2006), *order on reh'g*, 118 FERC ¶ 61,007 (2007), *vacated and remanded sub nom.*, Washington Gas Co. v. FERC, 532 F.3d 928 (D.C. Cir. 2008), *order on remand*, 125 FERC ¶ 61,018 (2008), *order on reh'g and clarif.*, 126 FERC ¶ 61,036 (2009), *petition for review denied sub nom.,* Washington Gas Co. v. FERC, 603 F.3d 55 (D.C. Cir. 2010).

expansion, which was placed into service in January 2009, included two new LNG storage tanks and additional vaporization facilities that increased the total storage capacity to approximately 14.6 Bcf and peak send-out to 1.8 million dekatherms per day.

In 2009, the Commission approved the Pier Reinforcement Project,[14] which authorized DCP to upgrade, modify, and expand the existing offshore pier at the Cove Point LNG Terminal. The construction of the Pier Reinforcement Project allowed DCP to accommodate the docking of the "next generation" larger LNG vessels at the LNG Terminal. Before the Pier Reinforcement Project, DCP could only receive vessels with a cargo capacity of no greater than 148,000 cubic meters at the Cove Point LNG Terminal. Due to the modifications to the offshore pier, which were completed as part of the Pier Reinforcement Project, DCP can now receive ships with cargo capacity of up to 267,000 cubic meters of LNG.

DCP continues to provide 10-day, 5-day, and 3-day firm peaking services under Rate Schedules FPS-1, FPS-2, and FPS-3, respectively; and firm, off-peak firm, and interruptible transportation services under Rate Schedules FTS, OTS, and ITS under its FERC Gas Tariff ("Tariff"). DCP also continues to provide firm LNG terminal services for three import shippers under Rate Schedule LTD-1, and to offer interruptible LNG terminal services under Rate Schedule LTD-2. Finally, DCP provides LNG terminal service to the Cove Point Expansion customer on a "non-open access" basis pursuant to a proprietary agreement.

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14 Dominion Cove Point LNG, LP, 128 FERC ¶ 61,037 (2009), *petition for review denied sub nom.,* Washington Gas Co. v. FERC, 603 F.3d 55 (D.C. Cir. 2010).

III. BACKGROUND

Like other LNG import terminals in the U.S., DCP has experienced a significant decline in the level of LNG imports at the LNG Terminal, especially since mid-2010. The decline in imports has been largely driven by the development of large quantities of shale gas in the U.S. and the resulting lower domestic gas prices, together with the consistent demand for LNG (and higher gas prices) in other countries. In light of the plentiful, inexpensive supplies of domestic gas in the U.S., LNG cargos have been more profitably delivered to other markets around the world, rather than to the U.S. This market dynamic has led DCP, like owners of certain other existing LNG import terminals as well as proponents of additional "greenfield" projects, to consider plans to offer services for the export of domestic natural gas as LNG.

On June 1, 2012, DCP requested Commission authorization to initiate the National Environmental Policy Act ("NEPA") FERC Pre-filing Process for the Project. The Commission approved this request on June 26, 2012 in Docket No. PF12-16-000. DCP's participation in the FERC Pre-filing Process facilitates the application process and should ensure the timely review and approval of this Application.

The FERC Pre-filing Process has enabled the Commission Staff and other interested stakeholders to provide input and consultation that are reflected in this Application and formal request for authorization to proceed with the Project. During the FERC Pre-filing Process, DCP participated in meetings with local, state, and federal agencies and stakeholders to seek out greater stakeholder involvement, identify interests, and resolve concerns early in the review of the Project. In addition, DCP has participated in bi-weekly conference calls with Commission Staff and FERC's environmental third-party contractor, as well as other resource agencies, concerning the Project. DCP filed draft Resource Reports in November and December 2012, and in January 2013 for review and comment. As a result of the FERC Pre-filing Process, the Resource Reports included in Exhibit F(3)/F-I(7) of this Application address and incorporate comments of Commission Staff, as well as other resource agencies, and stakeholders.

IV. EXECUTIVE SUMMARY

DCP is seeking authorization under Section 3(a) of the NGA for the Section 3 Facilities to add the capability to provide gas liquefaction services for the export of LNG to the Export Customers, who will provide their own gas supplies. The proposed Project, combined with existing facilities, will provide a bi-directional service of import and export of LNG at the Cove Point LNG Terminal. The proposed liquefaction facilities are expected to have a nameplate capacity of up to 5.75 million metric tons per annum ("MTPA") of LNG.[15] The Project does not include the addition of any LNG storage tanks or any increase in the size

15 This nameplate capacity is based on 100 percent run-time. Additional information on the design capabilities of the new Cove Point Liquefaction Facility is located in Resource Report 13, which is included in Volumes I, II, and III of this Application.

and/or frequency of LNG marine traffic currently authorized for the Cove Point LNG Terminal.

DCP is also requesting authorization under Section 7(c) of the NGA for the Section 7 Facilities, to add compression to the existing Pleasant Valley Compressor Station and to modify the existing Pleasant Valley M&R site and existing Loudoun M&R site located in Fairfax and Loudoun Counties, Virginia, respectively. The proposed additional compression at the Pleasant Valley Compressor Station and modifications to the Pleasant Valley M&R site and Loudoun M&R site, together with the use of turnback transportation capacity, will enable DCP to transport on a firm basis 860,000 Dth/day of natural gas from existing pipeline interconnects near the west end of the Cove Point Pipeline to the LNG Terminal for the Export Customers.

As more fully described in the Resource Reports included in Exhibit F(3)/F-I(7) of this Application, the Project will be a major investment, generating large, positive economic and fiscal impacts on local, state, and national economies. Total construction costs are currently estimated to be approximately $3.4 billion to $3.8 billion. Construction of the Project and the export of LNG at the Cove Point LNG Terminal would provide numerous benefits, including but not limited to:[16]

16 Sage Policy Group, Inc. ("Sage"), "The Opportunities at Cove Point; MD as Energy Exporter". A copy of the Sage Report can be found in Resource Report 5 in Exhibit F(3)/F-I(7) included in Volume I of this Application. The Sage Report was based on previously estimated costs of $2.5 billion to $3.5 billion. Accordingly, the report (and the conclusions from it summarized above) reflect a conservative, and likely understated, presentation of the economic benefits of the Project.

- Between the start of the construction phase in 2011 and 2040, the Project will support more than 12,000 job-years[17] in Calvert County and more than 6,000 jobs in other Maryland jurisdictions. Labor income associated with the employment created by the total Project is expected to exceed $780 million in Calvert County and surpass $380 million elsewhere in the state.

- Countywide business sales supported by the Project will exceed $2.6 billion, while augmented business sales in other Maryland jurisdictions will top $1.1 billion.

- Calvert County will receive an estimated $16 million in income taxes over the life of the Project. The State of Maryland will collect an estimated $59 million in income and sales taxes during the 2011 through 2040 period.

- Calvert County will receive more than $40 million per year in property tax collections, which represents a 27 percent increase over current County property tax revenue from the LNG Terminal.

- The LNG Terminal will position Maryland to play its part in helping the nation close its structural trade deficit with the balance of the world. Since shrinking to a decade low in May 2009 due to a decline in aggregate demand (-$24.9 billion for the month), the U.S. trade deficit has surged and stands at roughly $42 billion/month. Although Maryland's exports have trended higher since 2009, 2011 exports ($10.9 billion) remained below their 2008 level of $11.4 billion. The proposed Project would increase Maryland exports by almost $5 billion per year, meaning that this single Project will expand Maryland's global exports by 40 to 50 percent.

For the foregoing reasons, and as demonstrated fully herein, the Project satisfies the requirements of NGA Sections 3(a) and 7(c). Accordingly, DCP requests that the Commission grant all authorizations required to construct, modify, and operate the Project as proposed herein.

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17 A "job-year" is defined as the amount of work performed by one full-time individual in one year (typically 2,080 hours).

V. DESCRIPTION OF PROPOSAL

A. Project Overview

The Project will involve construction of new facilities and expansion of existing DCP facilities to provide gas liquefaction and LNG export services to the Export Customers, who will provide their own gas supplies. The proposed liquefaction facilities, combined with existing facilities, will be used to provide a bi-directional service of import and export of LNG at the Cove Point LNG Terminal. The LNG vessels will be owned and operated by third parties.

B. Maryland Facilities (Section 3 Facilities)

DCP will construct the Cove Point Liquefaction Facility at the existing LNG Terminal and use approximately 102.8 acres of offsite property (Offsite Area A and Offsite Area B, as described below) in Calvert County, Maryland for temporary construction laydown, parking areas, and an area for offloading material from barges. The Project facilities which are located in Calvert County, Maryland and are all Section 3 Facilities, are more fully described below.

1. <u>Cove Point Liquefaction Facility</u>

a) LNG Terminal

DCP owns approximately 1,017 contiguous acres of land at the Cove Point LNG Terminal. The property is subject to four agreements precluding or restricting development on various portions of the property. These agreements originate from a 1972 agreement that resolved an appeal of the Federal Power

Commission's Order authorizing the original LNG Terminal. These agreements are:

(1) a December 6, 1994 grant by Columbia LNG Corporation to the County Commissioners of Calvert County, granting the County an easement for recreation purposes over approximately 91 acres, on which the County constructed ball fields, an aquatic center, and other recreational facilities;

(2) an easement dated November 8, 1994 from Columbia LNG Corporation to the Cove Point Beach Association, Inc., allowing beach-related recreational activities on 25 acres;

(3) a September 21, 1994 Easement and Declaration of Covenants by which Columbia LNG Corporation granted to the Maryland Environmental Trust ("MET") and The Nature Conservancy a conservation easement with restrictive covenants precluding development on approximately 600 acres outside of the industrial portions of the Cove Point property; and

(4) a March 1, 2005 Agreement in which DCP agreed with the Sierra Club and the Maryland Conservation Council ("MCC") to amend the restrictions of that 1994 conservation easement in order to allow the Cove Point Expansion Project. This 2005 Agreement applies to approximately 323 acres zoned for industrial use, but limits most development activities, including liquefaction facilities, to an interior fenced area of approximately 131 acres.

While the entire LNG Terminal property encompasses more than 1,000 acres, DCP will construct the Cove Point Liquefaction Facility within the fenced area of the 131-acre operating industrial area and utilize approximately 49 acres for its operation.[18]

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18 On May 18, 2012, DCP filed a declaratory judgment action against the Sierra Club, the Sierra Club—Maryland Chapter, and the MCC, seeking a determination by the court whether the 2005 Agreement between the parties allowed the export of LNG. Motions for Summary Judgment were filed by DCP and by the Sierra Club, with DCP seeking a determination that the export of LNG is allowed while the Sierra Club alleged that the agreement precludes export of LNG. The MCC agreed with DCP's interpretation of the agreement. On January 4, 2013, the Circuit Court of Calvert County issued a ruling granting DCP's motion for summary judgment, stating that the agreement allows the export of LNG. The Sierra Club has filed a notice of appeal to the Maryland Court of Special Appeals, which is an intermediate appellate court in

The existing Cove Point Pipeline, along with the proposed Section 7 Facilities, will be used to transport the natural gas supplies to and from the LNG Terminal. The proposed Cove Point Liquefaction Facility will tie into the existing LNG Terminal, and share common equipment and infrastructure, including the LNG tanks, pumps, piping, and offshore pier to support both importing and exporting LNG.

The main components of the Project will consist of one LNG train expected to have a nameplate capacity of up to 5.75 MTPA. The Cove Point Liquefaction Facility will utilize new natural gas-fired turbines to drive the main refrigerant compressors. The facility will utilize waste heat from the gas-fired turbines to generate additional electrical power on-site to meet the power demands of the Cove Point Liquefaction Facility. Equipment will be installed to remove impurities from the gas supply stream which have no heating value, have corrosive potential, or will crystallize during the liquefaction process.

DCP completed a Front End Engineering Design ("FEED") study that refined the design scope and LNG production expectations. The FEED study is for facilities that will have a base LNG production capacity of 5.25 MTPA. This capacity is based on conservative assumptions regarding average ambient air temperatures, the quality of gas received at the LNG Terminal, and a design margin used for equipment and pipe size selection. DCP expects that during

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Maryland. On March 8, 2013, DCP filed a petition for writ of certiorari with the Maryland Court of Appeals (the State's highest court) seeking to "bypass" the lower appellate court and expedite certainty. DCP is confident that the appellate court(s) will uphold the lower court's decision.

operation, the actual capacity will exceed the 5.25 MTPA by as much as 10 percent. A review of the production capability for global liquefaction plants supports this expectation of an increase over the original design. Therefore, DCP is requesting authorization to construct and operate liquefaction facilities with LNG production capacity of up to 5.75 MTPA.

A detailed description of the Cove Point Liquefaction Facility is provided below.

i. <u>Liquefaction Facility</u>

Feed gas supplied by the Export Customers will be delivered via the Cove Point Pipeline, which terminates at the west side of the LNG Terminal. The feed gas will be metered and pre-treated prior to flowing to the liquefaction unit. The system used for pre-treatment will consist of the following major components:

- feed pre-heating and mercury removal;
- acid gas removal to extract essentially all carbon dioxide ("CO_2");
- dehydration to remove essentially all water; and
- a heavy hydrocarbon removal unit ("HRU") to extract a majority of the heavier hydrocarbons.

After pre-heating, the feed gas will flow through two parallel mercury removal beds. Mercury removal is an essential pre-treatment step to protect the aluminum heat exchangers in the downstream liquefaction unit. Feed gas will then be fed to the acid gas removal unit. An amine treatment process will be utilized to remove acid gas components. The sulfur in the feed gas will also be removed in order to meet the LNG product specifications. Next, the gas will be sent through dehydration (*i.e.*, dryers) to remove any water. Then, dehydrated feed gas will flow to the HRU, which will remove hydrocarbon condensates. After the HRU, the gas will go to the single train liquefaction system.

DCP selected the Air Products ("APCI") split-C3/MR process as its liquefaction technology. The split-C3/MR process features a propane pre-cooled, mixed-refrigerant refrigeration system with APCI's proprietary spiral-wound main cryogenic heat exchanger ("MCHE"). This process utilizes refrigeration to cool the natural gas feed stream and produce LNG. Refrigeration for this process will be provided by two major systems: the propane refrigeration system and the mixed refrigerant ("MR") refrigeration system. There will be two General Electric Frame 7 gas turbines driving the refrigeration compressors. Each gas turbine will drive MR compressors and a propane compressor. The gas stream fed to the MCHE will be cooled by the refrigerants. LNG product will be produced as a result of this cooling process.

ii. *LNG Storage*

The Project will utilize the existing storage tanks at the Cove Point LNG Terminal to store the LNG produced by the liquefaction unit. The total installed storage capacity is 4.35 million barrels of LNG, which is equivalent to 14.6 Bcf of gas. LNG will be pumped from the tanks to the offshore pier for loading onto LNG vessels for export.

The Export Customers together will have firm access to 6.8 Bcf of the existing storage capacity, which all will be from the capacity constructed as part of the Cove Point Expansion Project.

iii. Marine Facilities and LNG Transfer Lines

No additional marine facilities are required for the proposed Project, and only limited modifications to the existing marine process systems will be necessary. To enable the existing offshore pier to serve both an unloading and loading function, existing suction drums will be removed[19] to make room for two new vapor return blowers that will be installed on both the north and south loading platforms. During ship unloading, vapor (*i.e.,* natural gas) is supplied from the LNG Terminal to the ship to fill the void created when the LNG is removed from the ship's tanks. During ship loading, vapor in the ship's tanks is displaced as LNG is loaded into the tanks. The new vapor return blowers are needed to push this displaced vapor from the platform to the LNG Terminal's storage tanks. New piping also will be installed to connect the new vapor return blowers to the existing piping.

Check valves in some existing piping will be modified to enable bi-directional flow for unloading or loading. In addition, DCP will modify the LNG transfer piping, located in the tunnel[20], to meet the LNG flow rates required for the new Export service. This work will require replacing the existing 100 expansion joints in the liquid lines. DCP does not anticipate a service interruption from this work as the modifications will be made on one side of the tunnel at a time. Maintenance replacement of expansion joints has occurred

19 The existing suction drums have been idle for approximately 25 years, and have not been utilized post-plant reactivation. It is currently not serving any function. The suction drums are no longer necessary because LNG ships now use their own pumps to unload the LNG without the assistance of pumps and suction drums on the platform.
20 DCP's underwater tunnel connects the onshore facilities with the offshore pier.

without interrupting service to the existing import customers. Construction activities to replace the existing expansion joints will occur entirely within the tunnel and as a result no environment impact is expected. No permits for the replacement of the expansion joints are expected.

iv. Turbine Generators

Power for the Liquefaction Facility will be provided from in-plant generators that generate at 13.8kV, 3-phase, 60Hz. Current load calculations indicate that approximately 80 MW of power will be needed for the Liquefaction Facility. This power will be provided by two 65 MW steam turbine generators, which will utilize the waste heat from the General Electric Frame 7 gas turbines to produce steam and generate power. In addition, two 13.8kV circuits will be provided for interface with the existing LNG Terminal.

Uninterruptible power supplies ("UPS") will be installed to maintain plant control and safety systems. Each substation power control room contains UPS for backup power.

v. LNG Vaporization

No change will be made to the LNG Terminal's current storage, import, or send-out capabilities. Only minor modifications will be made to the Cove Point LNG Terminal to integrate the Liquefaction Facility with the existing LNG vaporization facilities (*i.e.*, adding piping tie-ins, electrical/control connections, *etc.*). DCP will work with its existing customers to ensure minimal service disruptions when the Project facilities are integrated with the Cove Point LNG

Terminal's existing facilities, and will provide reservation charge credits as appropriate in accordance with the terms of its Tariff. DCP anticipates minimal outages of less than one week in each of the years 2014, 2015, and 2016 affecting service to all customers at the LNG Terminal, as well as an outage of approximately 30 days in 2016 that will affect only the Cove Point Expansion customer.

vi. Other Infrastructure

1.) Sound Barrier

A sound barrier will be constructed on the western and southern sides of the Cove Point LNG Terminal behind the existing tree/vegetative buffer. The sound barrier will be approximately 3,500 feet long and 60 feet high, and will be made of sound absorbing panels with a non-corroding exterior shell material. DCP will select a color for the sound barrier that blends with the natural vegetation. The sound barrier's panels will be filled with acoustical material and the interior side of the wall will be perforated to absorb the sounds from the Cove Point Liquefaction Facility. In addition, there will be some structural components incorporated for wind load, and these structures will be visible on the exterior side of the wall; however, the main bracing structures will be located on the interior side of the wall.

2.) Access Road

Construction activities will begin with the establishment of site access. The existing construction access road previously used for the Cove Point

Expansion Project will be utilized for temporary access to the Cove Point Liquefaction Facility during construction. This access road originates at Cove Point Road and terminates east of the employee parking lot of the existing LNG Terminal. If improvements to the road are necessary, they may include additional gravel placement, reworking drainage, and vegetation removal. The existing access road is 792 feet long and ranges from 16 to 20 feet wide. The area of impact for the access road is 0.35 acres. This area will only be utilized during construction.

vii. Ship Traffic

With its current import service, the actual ship traffic to the Cove Point LNG Terminal is dependent on a number of factors, such as demand for natural gas — both domestically and globally, pricing relative to world markets, and weather. Annual ship traffic can range from only a few vessels to as many as approximately 200[21] vessels, as discussed in the FERC Environmental Impact Statement ("EIS") from DCP's Cove Point Expansion Project (Docket No. CP05-130, *et al.*). For DCP's proposed export service, DCP is not requesting an increase in the total number of ships that may travel to and from the LNG Terminal. That is, the ship traffic will not be greater than what has been previously approved. Exporting LNG from the Cove Point LNG Terminal will

21 This number is dependent on two factors – the total regasification quantity available at the LNG Terminal and the size of the vessels used by the customers. For example, in the FERC Environmental Assessment for the Pier Reinforcement Project in 2009, two scenarios were evaluated for calculating vessel emissions during transit to and from the LNG Terminal: the first was for 220 vessel transits using only the 148,000-cubic meter vessels, and the second assumed 121 vessel transits using only the 267,000-cubic meter vessels.

reverse the direction of traffic from incoming ships unloading LNG at the LNG Terminal to outgoing ships loading and transporting LNG from the LNG Terminal.

Since completion of the Pier Reinforcement Project, DCP has the capability to receive ships with cargo capacity of up to 267,000 cubic meters of LNG. DCP is not requesting authorization with this Project to accommodate LNG ships with cargos greater than the currently authorized 267,000 cubic meters.

b) Offsite Areas

To avoid disturbance of the land subject to conservation easements at the LNG Terminal, offsite areas will be used for temporary construction laydown, construction worker parking, and offloading equipment/material from barges. One laydown area, Offsite Area A, will be used as a staging area for equipment and supplies, pre-assembly, and construction worker parking. A second laydown area, Offsite Area B, will be used as a barging site to receive major equipment and supplies that are best transported by water. The equipment and supplies delivered by barge to Offsite Area B will be transported either to Offsite Area A or directly to the LNG Terminal.

i. Offsite Area A

Offsite Area A consists of 179.1 acres and is located approximately 1.5 miles west of the LNG Terminal site, along Maryland Route 2/4 close to the intersection with Cove Point Road near Lusby, Maryland. Offsite Area A is an undeveloped forested area bisected by an existing power line right-of-way. The site also includes a small, recently cleared area along Maryland Route 2/4. Of the 179.1 acres, approximately 96.9 acres will be cleared and graded for use as construction worker parking, contractor staging for equipment and supplies, and equipment assembly areas. Trees and vegetation will be cleared from Offsite Area A, except for areas within 100 feet of streams, wetlands, and other sensitive natural resources. In addition, construction of a temporary access road extending from the existing Cove Point Road onto Offsite Area A will require clearing and grading.

The site is composed of parcels owned by two different landowners. One of these parcels (100 acres) will be purchased from its current landowner, and the remaining area (79.1 acres) will be leased from its current landowner (Calvert County). DCP plans to donate the parcel that it is purchasing to Calvert County after the Project's use of the site ends.

ii. Offsite Area B

Offsite Area B is located along Maryland Route 2/4 approximately five miles from the LNG Terminal in Calvert County, Maryland. Offsite Area B is a mowed and maintained portion of an active agricultural-residential property adjacent to the Patuxent River, and east of the Thomas Johnson Bridge which spans the Patuxent River. Approximately 11 acres of this parcel will be leased from its current landowner for use as a temporary barge unloading facility during construction of the Cove Point Liquefaction Facility. Approximately 5.9 acres of this property will be disturbed during construction activities.

A temporary access road and a parking/laydown area will be constructed on the existing mowed and maintained field at Offsite Area B. The access road will be approximately 50 feet wide and will extend approximately 1,135 feet from Solomons Island Road to the shoreline where the temporary barge offloading pier will be constructed. The parking/laydown area will be approximately 200 feet wide by 250 feet long and will be located at least 150 feet from the shoreline. Construction of the access road and parking/laydown area will require topsoil removal, grading, and clearing of vegetation and debris from the shoreline.

A temporary barge offloading pier will be constructed from the shoreline of the upland area at Offsite Area B, extending approximately 166 feet into the Patuxent River, and providing access for barges to reach the site. The temporary barge offloading pier will be up to 40 feet wide and will be supported by up to 24 hollow steel piles approximately 36 inches in diameter. Pile driving will be conducted using a vibratory hammer to the maximum extent possible, and will be impact driven, if needed, to the final depth. A vibratory hammer uses vibrations to drive the piles into place, thus reducing noise and impact to the underwater environment. The temporary barge offloading pier will remain in place during construction to support equipment offloading. When it is no longer needed, the temporary pier will be removed, with the piles removed using a vibratory hammer. If a pile is unable to be removed, it will be cut just below the mudline and removed from the water column.

C. Virginia Facilities (Section 7 Facilities)

The Cove Point Pipeline extends between the LNG Terminal in Maryland and interconnects in Virginia with three interstate natural gas pipeline systems. As part of the Cove Point Expansion Project, DCP looped its existing pipeline with 47 miles of 36-inch pipeline which crossed Calvert, Prince George's, and Charles Counties in Maryland. The existing Cove Point Pipeline will be used to transport natural gas to the LNG Terminal for liquefaction. The three major pipelines that interconnect with the Cove Point Pipeline, in turn, are interconnected with other pipelines in the U.S. interstate pipeline grid, allowing gas to be sourced from a wide variety of regions.

DCP has two existing compressor stations at its interconnections with the three upstream interstate pipelines. The Loudoun Compressor Station is located at the western end of the Cove Point Pipeline where it interconnects with DTI and Columbia Gas Transmission ("Columbia"). The Pleasant Valley Compressor Station, located roughly 13 miles to the southeast of the Loudoun Compressor Station, is where DCP interconnects with Transcontinental Gas Pipe Line Company, LLC ("Transco").

As indicated earlier, DCP's new terminal services are structured as a tolling service, which requires that the Export Customers bear the responsibility of obtaining the feed gas for liquefaction. To deliver the feed gas for liquefaction to the LNG Terminal, DCP entered into firm transportation service agreements with the Export Customers, as detailed in Exhibit I(7) A and B. This firm transportation capacity will enable the Export Customers to deliver to the LNG Terminal the feed gas, including fuel, required on days of peak liquefaction, utilizing both their firm liquefaction rights and an expected level of authorized overrun service ("AOS").

The Export Customers (who only recently completed negotiations with DCP) have not yet determined their plans for the natural gas and the related transportation upstream of the Cove Point Pipeline. Accordingly, they require the maximum possible flexibility with respect to their final selection of primary receipt point rights on the Cove Point Pipeline – that is, the Loudoun Interconnect (which connects with both DTI and Columbia) or the Pleasant Valley Interconnect (which connects with Transco).

To accommodate this flexibility for its Export Customers, DCP proposes to construct facilities that will maximize the supply options and access to the three interstate pipelines that deliver gas to the Cove Point Pipeline. The proposed facility design will allow as much as 720,000 Dth/day of the total maximum daily transportation quantity ("MDTQ") to be received at Loudoun (as a combination of receipts from DTI and Columbia and without any incremental compression at Loudoun), with the remaining 140,000 Dth/day of MDTQ received at Pleasant Valley. Alternatively, DCP can meet the firm transportation obligations using this design if all of the gas is contracted to be received at Pleasant Valley, or many other combinations in between. This design flexibility is not only critical for the

Export Customers' primary receipt point selection, but it also will improve secondary receipt point flexibility for all DCP transportation customers.

In order to move the incremental volumes delivered to the Cove Point Pipeline further downstream to the Cove Point LNG Terminal, the pressure on the Cove Point Pipeline must be increased to enable DCP to meet both the existing and proposed firm contractual obligations. In addition to the new Section 7 Facilities detailed immediately below, DCP will utilize existing pipeline capacity constructed as part of the Cove Point Expansion Project to provide the firm transportation capacity for the Export Customers. That capacity will no longer be contracted by the Cove Point Expansion customer as of the in-service date for this Project.[22]

The Project, as proposed, will include the following new facilities in Fairfax and Loudoun Counties, Virginia:

1. Pleasant Valley Compressor Station

a) Pleasant Valley Compressor Station

The Pleasant Valley Compressor Station is located in Centreville, Fairfax County, Virginia, approximately seven miles southwest of Dulles International Airport, on an existing industrial site along a pipeline right-of-way off of Bull Run

22 For the new firm transportation services, the Export Customers require 850,000 Dth/day of capacity for gas delivered to the LNG Terminal for liquefaction, and 660,000 Dth/day of capacity when LNG is regasified and delivered from the LNG Terminal, *i.e.*, during import/regasification period. The same 660,000 Dth/day of existing east (LNG Terminal)-to-west capacity, together with the proposed new compression, will allow DCP to transport 860,000 Dth/day from the west to the LNG Terminal for liquefaction. Under existing agreements, 640,000 Dth/day of capacity associated with the Cove Point Expansion Project will no longer be contracted for as of January 1, 2017, and the remaining 160,000 Dth/day will no longer be contracted for as of the earlier of the Project in-service date or May 1, 2017. DCP will reserve the 660,000 Dth/day of the turnback existing transportation capacity needed for this Project pursuant to the terms of Section 4(j) of the General Terms and Conditions of the Tariff.

Post Office Road. The site consists of a mix of industrial facilities, open areas, and forestland.

The Pleasant Valley Compressor Station is situated on a 37-acre parcel. Approximately 3.9 acres of land at the Pleasant Valley Compressor Station will be permanently developed due to the additional compression. An additional approximately 3.3 acres of land will be required for temporary disturbance as part of the pipeline right-of-way for the Pleasant Valley Suction/Discharge Pipelines and the modifications to the Pleasant Valley M&R site (discussed in Section b) below) that would connect the additional compressor units to the existing Pleasant Valley M&R site.

There are currently two 3,000 horsepower ("hp") electric units installed at the Pleasant Valley Compressor Station.[23] For this Project, additional electric-driven compression is required at the existing Pleasant Valley Compressor Station with up to four new compressor units totaling approximately 62,500 hp:

- Two 20,000 hp units (within a new building).
- One 15,000 hp unit (within a new building).
- One 7,500 hp unit (within an extension of the existing building).

The proposed aggregate hp at the Pleasant Valley Compressor Station will be capable of compressing the gas received under the existing and proposed contractual firm entitlements that have primary receipt points at either Loudoun

23 DCP was authorized to install one 4,750 hp unit and one 2,750 hp unit for a total of 7,500 hp compression at its Pleasant Valley Compressor Station (Cove Point LNG Limited Partnership, 105 FERC ¶61,234 (2003)). The nameplate hp for the installed units at the Pleasant Valley Compressor Station consist of two 3,000 hp units for a total of 6,000 hp. The flow diagrams attached in Exhibits G(7), G-I(7), and G-II(7) depict 6,000 hp. Due to the discrepancy between the authorized and the installed hp of the two compressor units at this station, DCP, to the extent necessary, requests that the Commission authorize the actual hp of the two installed compressor units at the Pleasant Valley Compressor Station.

or Pleasant Valley for delivery further downstream to the Cove Point LNG Terminal.

Installation of a new 36-inch diameter suction line from the Pleasant Valley Compressor Station to a new tap into the existing 36-inch diameter TL-522 pipeline within the Compressor Station property will be required. In addition, installation of additional equipment and facilities, including but not limited to, a new compressor building, an extension of the existing compressor building, gas coolers, filter/separators, valves, piping, and headers and electrical facilities will be needed.

b) Pleasant Valley Suction/Discharge Pipelines and Pleasant Valley M&R Site

To support the operation of the additional units at the Pleasant Valley Compressor Station, the following facilities will be required:

- Installation of approximately 1,200 feet of new 36-inch diameter suction pipeline extending from the Pleasant Valley Compressor Station to the existing Pleasant Valley M&R site. The new suction pipeline will be located between the existing TL-530 and TL-531 pipelines within the existing right-of-way.

- Replacement (*i.e.*, lift and lay) of the existing 1,200 feet of 16-inch diameter discharge pipeline (TL-531) with a new 36-inch diameter pipeline extending from the Pleasant Valley Compressor Station to the existing Pleasant Valley M&R site. The replacement will occur within the existing right-of-way.

- Miscellaneous piping and measurement upgrades, including additional meter runs and/or pipe, fittings, and valves at the Pleasant Valley M&R site.

A sound barrier, approximately 800 feet long and 20 feet high, will be constructed behind an existing tree/vegetative buffer along the eastern fence line of the Pleasant Valley Compressor Station to reduce the sound from the additional compression at the property line. The barrier will be made of sound absorbing panels with a non-corroding exterior shell material. DCP will select a color for the sound barrier that blends in with the natural vegetation. The sound barrier's panels will be filled with acoustical material and the interior side of the wall will be perforated to absorb the sounds from the Pleasant Valley Compressor Station.

Additional areas at the Pleasant Valley Compressor Station property will be used as construction and laydown areas.

2. Loudoun M&R Site

a) Loudoun M&R Site

The Loudoun M&R site is located on an existing industrial site along the eastern side of State Route 860 (also known as Watson Road) in Leesburg, Loudoun County, Virginia, approximately eight miles northwest of Dulles International Airport. The Loudoun M&R site is situated on a 2.4-acre parcel located adjacent to the Loudoun Compressor Station.

Miscellaneous piping and measurement upgrades at the Loudoun M&R site will be required, including additional meter runs and/or pipe, fittings, and valves. The gas received at Loudoun will flow directly to Pleasant Valley, where the gas will be compressed to move further downstream to the Cove Point LNG Terminal.

No additional compression will be added to the existing Loudoun Compressor Station as a part of this Project. With the new compression to be added at the Pleasant Valley Compressor Station, DCP anticipates that the existing 11,840 hp of compression located at the Loudoun Compressor Station will be run only on an exceptional basis. DCP proposes that the existing Loudoun Compressor Station will serve as a back-up for the all-electric Pleasant Valley Compressor Station to provide additional reliability and flexibility to DCP's customers. Such use of existing compression as a back-up is consistent with Commission policy.[24]

b) DTI's Leesburg Compressor Station Contractor Staging Area

DTI's Leesburg Compressor Station is located across the road from the DCP Loudoun Compressor Station. DTI agreed to allow DCP to use an existing mowed and maintained area at its Leesburg Compressor Station as a contractor staging area. Up to 10.6 acres of mowed and maintained area at the Leesburg Compressor Station will be utilized for temporary construction laydown, parking, and staging for construction activities.

D. Service

Services for the Export Customers at the Cove Point LNG Terminal will be provided on a proprietary basis, pursuant to authority under Section 3 of the NGA. While the service will commence as a liquefaction and export service, and is likely to remain as such unless world gas markets change dramatically, the service will be bi-directional and allow for both an import service and an export

24 *See, e.g.*, Northern Natural Gas Co., 112 FERC ¶ 62,118 (2005); Maritimes & Northeast Pipeline, LLC, 87 FERC ¶ 61,061 (1999); Alliance Pipeline L.P., 80 FERC ¶ 61,149 (1997).

service. The Export Customers cannot utilize both services at the same time. Rather, the Export Customers may make a joint election once per year to switch to an import and regasification service, or back from that service to export operations. Any such election will not impact existing customer service.

1. <u>Export Service</u>

Under the export service, the Export Customers will have access to certain LNG storage and ship loading facilities necessary to load their maximum annual quantity of LNG. The two Export Customers combined have contracted for firm capacity to liquefy natural gas and to load LNG onto ships at an annual amount of 240,900,000 Dth, on average. More precisely, the total contractual amount will be 243,271,062 Dth per year for five out of every six years, and 229,044,686 Dth in each sixth year, reflecting a six-year cycle with a major planned maintenance outage once every six years. In addition to this firm capacity, Export Customers have contracted for any production capability that may exist in excess of the firm capacity. There are several factors that will determine how much AOS will be available, including ambient air temperatures, gas quality, equipment reliability, maintenance, and the initial design margin. As explained in Section V.B.1 above, the facilities described in this Application have the potential to produce LNG in excess of the firm capacity offered to the Export Customers. Thus, the proposed LNG production capacity of 5.75 MTPA includes both the firm liquefaction and the possible levels of AOS service.

Fuel consumption will be tracked and the Export Customers will have responsibility for the fuel used to provide their liquefaction service. Therefore, no existing customer will be responsible for the fuel used to provide the liquefaction services to the Export Customers. Fuel consumed in the balance of the LNG Terminal, which will support services for the Export Customers as well as DCP's existing import customers and its FPS customers, will also be tracked. DCP will propose that fuel will be collected from each customer that utilizes the respective services.[25]

2. Import Service

As part of their proprietary agreements, the Export Customers may elect to switch to an import service. In the event of an election of import/regasification service, each of the Export Customers will have a Maximum Daily Delivery Quantity (or send-out) of 330,000 Dth. This regasification capacity will be available as a result of turnback capacity associated with the Cove Point Expansion Project that will occur prior to the in-service date of this Project.

NGA Section 3(e)(3) provides that agreements between the customer and an LNG terminal operator for services rendered pursuant to authorization under Section 3 of the NGA need not be filed with the Commission. Nevertheless, the Export Customers and DCP have agreed to incorporate the key operational provisions in Rate Schedule LTD-1 (Regasification Services) and the General Terms and Conditions ("GT&C") by reference to define their contractual

25 As explained in Section V.E below, DCP will propose new retainage tariff provisions to incorporate the operation of the Project in a future Section 4 tariff filing.

regasification and import service. This approach will ensure that the Export Customers (when electing import services) and the existing LTD-1 shippers are treated in a not unduly discriminatory manner. These provisions are included in a new GT&C Section 30 (included in Exhibit P(7)) to include the "Elected Import Service" proposed herein as a new Section 3 Firm Service.[26]

3. Transportation Service

DCP conducted both an open season and a reverse open season concerning transportation capacity on the Cove Point Pipeline in the spring of 2012. DCP did not receive any requests under either open season. However, DCP negotiated with the Cove Point Expansion customer an early termination of the Cove Point Expansion agreements. With this turnback capacity, together with the new compression to be constructed as part of the Project, DCP will provide the new firm transportation services for the Export Customers.

As previously explained, the Export Customers each will have firm entitlements for transportation from west-to-east on the Cove Point Pipeline to the LNG Terminal. In the event of an election to switch to import/regasification service, the Export Customers will be entitled to switch their primary receipt and delivery points to provide for transportation flowing east-to-west away from the LNG Terminal. No customer or potential customer is harmed because the capacity itself only becomes available due to the import election. Each Export

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26 This approach is consistent with that taken for the Cove Point Expansion customer, as reflected in existing GT&C Section 30. The *pro forma* tariff record also reflects the deletion of the existing provisions of Section 30 concerning service for the Cove Point Expansion customer because that service will terminate by the in-service date of this Project.

Customers' firm receipt point rights at the LNG Terminal in this event, however, will be limited to 330,000 Dth/day, to match its send-out capacity.

a) Recourse Rate

As shown in Exhibit P(7), DCP proposes to establish an incremental firm transportation recourse rate that will recover the cost of the transmission facilities utilized for service to the Export Customers. Consistent with Commission policy, the service is priced incrementally because the rate required to recover the incremental costs exceeds the existing system rates for firm transportation service under Rate Schedule FTS.

DCP's recourse rate is designed using a straight-fixed variable ("SFV") rate structure and 10,320,000 Dth per year of reservation billing determinants. The total rate base for the first full year of service is $124.0 million, as detailed in Exhibit P(7), which includes the overall pre-tax rate of return agreed to as part of DCP's last rate case (Docket No. RP11-2137).[27] The proposed total cost of service, based on the first full year of service, is $57.0 million. The cost of service underlying the incremental transportation reservation rate includes the cost of service associated with the new transmission facilities described in Section V.C, as well as the annual costs associated with the turned-back Cove Point Expansion transportation capacity that will be dedicated to the Project. DCP proposes an incremental base reservation rate of $5.5260 and a base commodity charge equal to the currently effective base commodity rate for Cove

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27 *See* Dominion Cove Point LNG, LP, 140 FERC ¶61,013 (2012).

Point East services under Rate Schedule FTS. DCP also proposes to assess the then-currently effective applicable surcharges (including electric) and fuel retainage percentage for Rate Schedule FTS.

DCP has included *pro forma* Tariff Record No. 10.35 in Exhibit P(7) setting forth the proposed recourse rates. Prior to commencement of service, DCP will make a compliance filing to incorporate the *pro forma* tariff record, as modified by subsequent filings, into its currently effective Volume No. 1.

b) Negotiated Rate

DCP and the Export Customers have agreed on a negotiated base rate for the transportation service. The agreed-upon negotiated base rate is a fixed rate, which will not vary over the term of the service agreement, of $0.1930 per Dth of MDTQ, calculated on a 100 percent load factor basis. As specified in GT&C Section 29, DCP will file prior to the commencement of negotiated-rate transportation service either the service agreement itself or numbered Tariff Record stating the name of any shipper paying a negotiated rate, the negotiated rate or rate formula, the applicable rate schedule, the applicable receipt and delivery points, contract quantities, contract duration, and an affirmation that the agreement does not deviate in any material respect from the Form of Service Agreement. DCP will keep separate and identifiable accounts for any quantities transported, billing determinants, rate components, surcharges, and revenue associated with its negotiated rates in sufficient detail that they can be separately identified in any future rate cases.

E. Tariff Implications of New Service

DCP proposes here one non-rate tariff change, as reflected in the *pro forma* Tariff Record No. 40.31 included in Exhibit P(7). This change is to add the new subsection of GT&C Section 30 to reflect certain operational terms of import/regasification service for the Export Customers. As noted above, DCP and the Export Customers have agreed to incorporate the key operational provisions of Rate Schedule LTD-1 in GT&C Section 30 to ensure that customers receiving firm import services are treated in a not unduly discriminatory manner.

Additional modifications of DCP's tariff provisions will be required to accommodate the addition of new services for the Export Customers. Specifically, DCP expects that changes will be required in the tariff provisions concerning "cooling quantities" (GT&C Section 35) and the allocation of fuel retainage, electric costs, and boil-off. Minor changes will also be needed to incorporate the Export Customers into the existing ship scheduling provisions.[28] DCP agrees and commits that the changes in these tariff provisions required to accommodate the new service will not degrade service to its existing customers.

These proposed tariff revisions will affect not only the Export Customers, but other DCP customers as well; accordingly, they are properly presented in a

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28 The Export Customers will have the same priority as the existing import shippers for purposes of scheduling ships, and the fundamental features of the existing scheduling provisions will not be changed. Given the fact that the total authorized marine traffic will not be increased, as well as the coming reduction in service associated with the Cove Point Expansion Project, the remaining import shippers will not be adversely affected in their scheduling rights by the addition of the Export Customers. In the event of a conflict in desired dates for arrival at the offshore pier, DCP will resolve the conflicts using the approach previously agreed upon with the existing import shippers to resolve any scheduling conflict between the Cove Point Expansion shipper and the Rate Schedule LTD-1 shippers.

Section 4 proceeding rather than in this proceeding.[29] Consistent with Commission policy, DCP plans to propose such tariff changes in a filing to be made thirty to sixty days before the in-service date of this Project.

VI. THE PROJECT IS IN THE PUBLIC INTEREST

A. NGA Section 3 Facilities – Section 153.7 of the Commission Regulations[30]

In this Application, DCP seeks Commission authorization under Section 3 of the NGA for the construction, modification, and operation of the Section 3 Facilities for the export of LNG at the Cove Point LNG Terminal. Section 3(a) of the NGA provides that the "Commission shall issue an order upon application, unless ... it finds that the proposed exportation ... will not be consistent with the public interest."[31]

Section 153.7(c) of the Commission's regulations, which implements Section 3(a) of the NGA, requires a showing that the proposal is not inconsistent with the public interest.[32] The Commission previously has found that the Cove Point LNG Terminal meets the public interest standard for the importation of

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29 *See, e.g.*, Dominion Transmission, Inc., 135 FERC ¶ 61,239 at P 34 (2011).
30 18 C.F.R. § 153.7 (2013).
31 15 U.S.C. § 717b(a). The regulatory functions of Section 3 were transferred to the Secretary of Energy in 1977 pursuant to the Department of Energy Organization Act. 42 U.S.C. § 7151(b) (2006). The Secretary's delegation of authority to the Commission of the authority to approve or disapprove the construction and operation of particular facilities was renewed by DOE Delegation Order No. 00-044.00A, effective May 16, 2006.
32 18 C.F.R. § 153.7(c) (2013).

LNG.[33] Through this Application, DCP is requesting authorization to operate the Cove Point LNG Terminal for the additional purpose of liquefying and exporting domestic natural gas as LNG. As demonstrated herein, this request is consistent with the public interest, and DCP submits the following statements and information required by Section 153.7 of the Commission's Regulations.

1. Information Regarding Applicant (18 C.F.R. §153.7(a))

Information regarding Applicant is set forth in Section I of this Application.

2. Summary of Proposal (18 C.F.R. §153.7(b))

A detailed summary of the proposal is found in Section V of this Application.

3. Statements Required by 18 C.F.R. §153.7(c)

This Commission has authority over the siting, construction, and operation of LNG export facilities, which includes the technical and environmental aspects of those facilities, but does not have any authority to approve the export or import of the commodity itself.[34] Accordingly, DCP will not belabor here the public interest arguments in favor of the export of LNG generally and from the Cove Point LNG Terminal specifically. DCP has advanced those arguments in detail to the Department of Energy ("DOE") in support of its applications for

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33 Cove Point LNG Limited Partnership, 97 FERC ¶ 61,043 (2001), *order on reh'g*, 97 FERC ¶ 61,276 (2001), o*rder on reh'g and clarif.*, 98 FERC ¶ 61,270 (2002); Dominion Cove Point LNG, LP, 115 FERC ¶ 61,337 (2006), *order on reh'g*, 118 FERC ¶ 61,007 (2007), *vacated and remanded sub nom.*, Washington Gas Co. v. FERC, 532 F.3d 928 (D.C. Cir. 2008), *order on remand*, 125 FERC ¶ 61,018 (2008), *order on reh'g and clarif.*, 126 FERC ¶ 61,036 (2009), *petition for review denied sub nom.,* Washington Gas Co. v. FERC, 603 F.3d 55 (D.C. Cir. 2010).

34 DOE Delegation Order No. 00-004.00A (effective May 16, 2006); Sabine Pass Liquefaction, LLC, 139 FERC ¶ 61,039 at P 27 (2012).

exports.[35] DCP will summarize briefly, however, some of the ways that the Project is not only "not inconsistent" with the public interest, but rather significantly advances the public interest.

As the Commission is aware, the American gas market has experienced a tremendous boom in recent years. To accommodate the growing natural gas production and provide an outlet for growing domestic gas supplies, DCP is proposing the Project to liquefy for export domestically produced natural gas delivered from the interstate pipeline grid. The Cove Point LNG Terminal is ideally located to abundant and diverse domestic supply sources. As explained above, DCP's own pipeline connects with the interstate pipeline systems of Transco, Columbia, and DTI, which, in turn, are interconnected with more of the U.S. pipeline grid, allowing gas to be sourced from a wide variety of regions in the U.S. The origin of gas that is exported from DCP will depend on a variety of market forces and circumstances at any given time. DCP will provide services to its Export Customers to allow for the export of LNG to world markets, but DCP will not itself provide the gas or ship the LNG. The viability and attractiveness of this Project is demonstrated by the binding agreements that DCP has entered into with the Export Customers.

Following the construction of the Cove Point Liquefaction Facility, the Cove Point LNG Terminal will be operated as a bi-directional facility. The LNG

35 To the extent that the Commission determines that such issues are relevant here, DCP directs attention to its application for export to non-free trade countries submitted in DOE FE Docket No. 11-128-LNG ("DCP's Non-FTA DOE Application"), as well as DCP's comments on the DOE's studies filed on January 24 and February 25, 2013.

Terminal then can provide facilities and services to customers who wish to export LNG when domestic natural gas prices are low compared to prices elsewhere in the world (as they are now), and to provide facilities and services to customers who wish to import LNG to supplement domestic supply if supported by market conditions. This flexibility to respond to market conditions will promote the trade of natural gas on a market-competitive basis, advancing the public interest.

Moreover, the Project will result in a host of benefits to the public interest including: supporting demand for the continued development of domestic natural gas, which in turn increases the output of liquid hydrocarbons which can be used as a feedstock; the creation of thousands of new jobs, providing a huge economic stimulus locally, statewide, and nationally; increasing tax revenues; and improving the U.S. balance of trade. As noted in Part IV of the Executive Summary, the Sage Report included in Resource Report 5 summarizes these enormous benefits of the Project. Those benefits were also detailed in studies included in DCP's Non-FTA DOE Application.

For these reasons, and as fully explained below and in the studies provided in the appendices to the Application, authorization of DCP's Application for the export of LNG is "not inconsistent with the public interest." The proposed Project will improve access for additional supplies of natural gas, serve new market demand, and improve the dependability of international energy trade without adversely affecting existing customers, landowners, or adjacent pipelines. In addition, because the Project uses much of the existing infrastructure such as the storage tanks and offshore pier, and is designed within the existing industrial zone, the impact to the environment is truly minimized and the Project facilities are not expected to have a significant adverse impact on the environment. The Project also will enhance the flexibility of the Cove Point LNG Terminal and promote competition within the U.S. for natural gas supply. Accordingly, the Project for which DCP is seeking authorization under NGA Section 3 is not inconsistent with the public interest.

The Project will not impair the ability of DCP to render transportation service in the U.S. at reasonable rates to its existing customers. It will also not involve any contract(s) between DCP and a foreign government or person concerning the control of operations or rates for the delivery or receipt of natural gas that may restrict or prevent other U.S. companies from extending their activities in the same general area. DCP will provide transportation services under Part 284 of the Commission's regulations.

4. **Statements Required by Section 153.7(c)(2)**

Pursuant to Section 153.7(c)(2) of the Commission's rules, DCP states that it will not provide open access terminal services under Part 284 of the Commission's regulations, but rather will provide LNG terminal services pursuant to negotiated commercial arrangements under Hackberry LNG Terminal, L.L.C., 101 FERC 61,294 (2002), and Section 311 of the Energy Policy Act of 2005.

5. **Section 3(e)(4) of the NGA**

Section 3(e)(4) of the NGA requires that the Commission, when exercising its authority over the siting, construction, expansion or operation of an LNG Terminal, ensure that:

> [A]n order issued for an LNG terminal that also offers service to customers on an open access basis shall not result in subsidization of expansion capacity by existing customers, degradation of service to existing customers, or undue discrimination against existing customers as to their terms or conditions of service at the facility.[36]

As described below, the Project meets these conditions. DCP respectfully submits that these principles provide a sound framework for the Commission's consideration of the Project, and that each of these principles is fully satisfied by the Project.

a) The Project Will Not Be Subsidized by Existing Customers

DCP does not propose to change rates applicable to, and does not seek a subsidy from, existing customers. The costs of the Section 3 Facilities will be borne solely by the Export Customers. As noted earlier, the Project will utilize the existing storage tanks at the LNG Terminal to store the LNG produced by the Cove Point Liquefaction Facility. As explained above, DCP will utilize all of the turned-back storage capacity that will be obtained from the Cove Point Expansion customer.

DCP acknowledges that it will have the burden of proof in future rate cases under NGA Section 4 to demonstrate that any proposed allocation of costs

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36 EPAct 2005, Section 311(e)(4).

and rates between the Export Customers and existing customers is just and reasonable. Accordingly, the Project will not require subsidization from DCP's existing customers.

b) The Project Will Not Degrade Service to Existing Customers

The second requirement of Section 311(c) of the Energy Policy Act 2005 (“EPAct 2005”) is that existing customers' services are not degraded by the Project. The proposed Project will have no detrimental impacts on DCP’s existing customers. DCP will honor all existing service agreements under the applicable terms set forth in the Tariff. DCP is proposing no change in the existing terminal services. Thus, because the services will not change, the services certainly will *not* be degraded.

In fact, DCP’s existing customers will benefit from the proposed Project as it relates to the terminal services. For its existing firm import shippers that receive service under Rate Schedule LTD-1, export activities at the Cove Point LNG Terminal will eliminate the need for operational LNG cargos to be used to keep DCP’s facilities cold. Assuming net prices at $10/Dth and an average cargo load of 3,000,000 Dth for a total cost of $30,000,000, the existing firm import shippers will receive significant savings by eliminating the need for cooling cargos. In the extremely unlikely event that a similar “keep cold” situation arises in the future (at a time when the existing import customers remain), the cooling costs would be significantly reduced because natural gas could be liquefied for that purpose rather than procuring LNG cargos. In addition, the firm import shippers' share of fuel used for general LNG Terminal operations will also be significantly reduced as a result of the expected increased throughput associated with the Project customers.

c) The Project Will Not Result in Undue Discrimination Against Existing Customers

Similar to the second requirement, because DCP is proposing no change in the terminal service to its existing customers, DCP submits that the Project will not result in undue discrimination against existing customers as to their terms or conditions of service at the Cove Point LNG Terminal. Further, as noted in Section V.E above, DCP and the Export Customers have agreed to incorporate the key operational provisions of Rate Schedule LTD-1 to ensure that customers receiving import service are treated in a not unduly discriminatory manner.

6. Other NGA Section 3 Requirements

a) Presidential Permit

The Project will not involve any facilities at the border of the U.S. and either Canada or Mexico, and will not otherwise involve any physical connection between the U.S. and a foreign country. Therefore, neither Section 153.15(a) of the Commission's regulations, nor Executive Order No. 10485 requires DCP to apply for a Presidential Permit.[37]

b) Department of Energy/Office of Fossil Energy

The DOE has the authority to approve or deny the export of the commodity natural gas, while the FERC has the authority to approve or deny the

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37 *See* EcoElectrica, L.P., 75 FERC ¶ 61,157 at 61,158, n.13 (1996).

construction of the facilities required for the Project. Pursuant to 18 C.F.R. § 153.6(a), DCP acknowledges that authorization for the export of natural gas is required from the DOE. On September 1, 2011, DCP filed an Application for Long-Term Authorization to Export LNG to Free Trade Agreement Countries with the DOE. The DOE issued an *Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Cove Point LNG Terminal to Free Trade Agreement Nations* on October 7, 2011. In addition, on October 3, 2011, DCP filed an Application for Long-Term Authorization to Export LNG to Non-Free Trade Agreement Countries. The DOE has not issued an Order for this authorization as of the date of this filing.

The DOE has recently completed its public comment period of the studies that it commissioned concerning the effects of LNG exports.[38] A key finding of the recently-released NERA study was that, under all the scenarios analyzed,

> the U.S. was projected to gain net economic benefits from allowing LNG exports. Moreover, for every one of the market scenarios examined, net economic benefits increased as the level of LNG exports increased. In particular, scenarios with unlimited exports always had higher net economic benefits than corresponding cases with limited exports.[39]

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38 In response to the influx of export applications, DOE commissioned a two-part study. First, the U.S. Energy Information Administration performed the initial part of the LNG Export Study, entitled *Effect of Increased Natural Gas Exports on Domestic Energy Market*, which analyzed how specific scenarios of increased natural gas exports might affect the domestic energy markets. DOE commissioned NERA Economic Consulting to conduct a second study, entitled *Macroeconomic Impacts of Increased LNG Exports From the United States* (the "NERA Study"), which analyzed the macroeconomic impact of LNG exports on the U.S. economy with a focus on the energy sector, especially the natural gas sector.
39 NERA Study, Executive Summary, Key Findings.

Accordingly, the DOE should soon begin processing the pending export applications. DCP's application is third on the list issued by the DOE which set forth the order in which it will address the pending applications.[40]

In its DOE applications, DCP requested authorization to export up to the equivalent of approximately one Bcf of natural gas per day or approximately 7.82 MTPA. The lesser level of 5.75 MTPA requested herein is based on DCP's FEED study, which was completed after submission of the DOE applications.

c) United States Coast Guard

DCP informed the Captain of the Port ("COTP") of Baltimore, U.S. Coast Guard ("USCG") of the Project via Letter of Intent dated May 23, 2012. No increases in ship transit traffic are expected from the proposed Project. By letter dated July 2, 2012, the USCG informed DCP that a new or revised Letter of Recommendation ("LOR") is not required for the proposed Project. In addition, the USCG correspondence states that DCP's current Waterway Suitability Assessment ("WSA") and LOR dated July 29, 2008 are adequate for the service associated with the proposed Project.

7. Conclusion

For these reasons stated above, the proposed Project is not inconsistent with the public interest and should be authorized.

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40 "Order of Precedence for Processing Non-FTA Applications", available at: http://www.fe.doe.gov/programs/gasregulation/publications/export_applications_order_of_precedence.pdf

B. NGA Section 7(c) Facilities – Public Convenience and Necessity

DCP submits that its proposal to add compression at the Pleasant Valley Compressor Station and to modify the Pleasant Valley M&R site and Loudoun M&R site is consistent with the public convenience and necessity and with the Commission's Certificate Policy Statement. The benefits of the Project outweigh any adverse impacts on DCP's customers, captive customers of other pipelines, or affected landowners, as examined pursuant to the Commission's 1999 Policy Statement. By applying the Policy Statement framework, the Commission seeks to foster competitive markets, to protect captive customers, and to provide "incentives for the optimal level of construction and efficient customer choice."[41] DCP's proposal meets each of the Commission's objectives.

1. The Threshold Requirement - No Financial Subsidies

Under the Policy Statement, the threshold requirement is that pipeline expansions must be financially viable without any subsidies from existing customers. DCP has met this requirement because DCP will not rely on subsidies by existing customers to support proposed construction for incremental markets.

As detailed in Exhibit K(7), the estimated cost for DCP's construction of the Section 7 Facilities is $126.3 million. The Allowance for Funds Used During Construction ("AFUDC") for the transmission facilities (*i.e.*, Section 7 Facilities) included in Exhibit K(7) for the Project is calculated in compliance with the

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41 1999 Policy Statement at p. 61,743.

Commission's current AFUDC policy,[42] with accruals beginning in December 2012. In accordance with the AFUDC policy, DCP affirms that it began to incur capital expenditures for the Section 7 Facilities on that date and that activities necessary to prepare the Project for its intended use were in progress at that time.

As shown on Exhibit P(7) and consistent with the Commission's policy on pricing expansion capacity, DCP has designed an initial, incremental firm transportation base reservation recourse rate to recover the costs of the Section 7 Facilities. The calculated incremental base reservation recourse rate exceeds the existing DCP system base reservation recourse rate for firm transportation services. Therefore, the higher incremental base reservation recourse rate for services is established for the Section 7 Facilities to prevent existing customers from subsidizing the incremental transportation service in contravention of Commission policy.

Because the Export Customers' negotiated rate exceeds the incremental recourse rate, the rates of DCP's existing customers clearly will not be affected by the Section 7 Facilities of the Project. As stated previously, DCP acknowledges that it must file for separate Commission authorization of the negotiated rate agreements prior to commencing service for each Export Customer. DCP further acknowledges that it may be at risk for any revenue shortfall associated with the negotiated rate agreements that may be identified

42 Southern Natural Gas Co., 130 FERC ¶ 61,193 (2010).

in a subsequent rate proceeding, to the extent consistent with applicable Commission policies at that time.

In addition, DCP has agreed with the Export Customers to certain provisions which differ from DCP's *pro forma* Form of Service Agreement under Rate Schedule FTS. As described in Exhibit I(7) A and B to this Application, DCP agreed to certain non-conforming provisions, which include:

- Contract extension and termination rights, which reflect specific characteristics relating to the Project, including the right to terminate the FTS agreement if DCP is no longer providing terminal service for reasons other than a default by the Export Customer;
- The right to change primary receipt and delivery points under the FTS agreement to correspond to the export/import elections, as described in Section V.D, and under certain circumstances, an election to revise the primary receipt points shortly after the FERC order issues;[43] and,
- Creditworthiness provisions that reflect the higher risks, and significant financial commitments, associated with the Project.

DCP submits that the above provisions do not constitute material deviations from DCP's *pro forma* service agreement because none of the provisions affect the quality of service received by the Export Customers, or any other shipper on DCP's system. There is no risk of undue discrimination. While the provisions

43 One Export Customer has a contractual right to change its election of primary receipt points later, but before construction of the Project.

differ slightly between the two Export Customers, the provisions are essentially comparable, and any differences are the result of arms-length and protracted negotiations involving a myriad of complex issues.

Given the enormous investments involved in this Project, DCP and the Export Customers require certainty as soon as possible that all aspects of their negotiated arrangements, including the terms of the transportation service, are acceptable. In fact, DCP agreed with one Export Customer that it will obtain any necessary Commission approval of these non-conforming provisions as part of this Application. Accordingly, DCP respectfully urges the Commission to rule on these non-conforming terms of the transportation service agreements in its order on this Application. To the extent the Commission determines that the contract provisions identified above constitute a material deviation from the *pro forma* service agreement, DCP requests that the Commission make a determination here that such provisions are not unduly discriminatory. A Commission determination that is made part of this proceeding will provide the required certainty, as well as avoid the need to later revisit the issue of whether the potential material deviations are unduly discriminatory when the affected provisions are incorporated into the executed agreements.

Consistent with current Commission policy, DCP will file the FTS service agreements and negotiated rate agreements that it enters into with the Export Customers, and identify any material deviations or non-conforming provisions at least thirty days prior to commencing service.

2. No Adverse Effects on Potentially Affected Interests

In deciding whether DCP's Project is required by the public convenience and necessity, the Commission will consider any adverse effects on the economic interests of DCP's existing customers, of competing existing pipelines and their captive customers, and of affected landowners. DCP's Project will have no adverse effect on DCP's existing customers or on any competing pipeline. DCP will eliminate or minimize the limited adverse impacts on affected landowners, and any residual adverse impact on these interests is justified by the public benefits of DCP's Project.

a) Effects on DCP's Customers

The interests of DCP's existing customers could be adversely affected if DCP's Project were to cause cost increases or service degradation without adding reliability or system flexibility.[44] As explained above, the proposed Section 7 Facilities will not increase costs to existing customers that are not participants in this Project. Because DCP's existing customers will not experience a cost increase or degradation in service as a result of the proposed construction, the Section 7 Facilities will not adversely affect existing customers.

As noted in Section V.E, additional modifications of DCP's tariff provisions will be required to accommodate the provisions of services to the Export Customers. Specifically, DCP expects that changes will be required in the tariff provisions concerning "cooling quantities" (GT&C Section 35) and the allocation

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44 1999 Policy Statement at p. 61,747.

of fuel retainage[45], electric costs, and boil-off. Minor changes will also be needed to incorporate the Export Customers into the existing ship scheduling provisions. DCP agrees and commits that the changes in these tariff provisions required to accommodate the new service will not degrade service to its existing customers.

b) Effects on Captive Customers of Other Pipelines

The proposed Section 7 Facilities will not affect the captive customers of other existing pipelines that already serve the market because the proposed facilities are designed to create incremental capacity on a portion of DCP's system.

c) Effects on Affected Landowners

The Section 7 Facilities are designed to minimize the impact on landowners and the environment. All construction activities for the Section 7 Facilities will occur on land owned by DCP, or on pipeline easements negotiated between DCP and the landowner. DCP contacted all landowners within one-half mile of the Pleasant Valley Compressor Station and Loudoun M&R site during the FERC Pre-filing Process.

A list of landowners whose property may be affected by the planned construction is included as part of Exhibit F(3)/F-I(7) and included in Volume II of this Application. DCP will provide landowner notification for all Project

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45 DCP's "Cove Point East" customers will incur electric surcharges associated with the existing and proposed electric compression at Pleasant Valley. However, when DCP proposes new tariff provisions to address retainage and electric charges, the methodology proposed will place the Cove Point East customers in no worse a situation than the status quo without this Project.

facilities in accordance with 18 C.F.R. § 157.6(d). DCP intends to continue to work cooperatively with all affected landowners to address any potential concerns.

VII. ENVIRONMENTAL IMPACT (APPLIES TO BOTH SECTIONS 3 AND 7 FACILITIES)

A. Environmental Analysis

Pursuant to the FERC Pre-filing Process guidelines, the attached Resource Reports (*see* Exhibit F(3)/F-I(7)) were developed in coordination and consultation with Commission Staff and other federal, state, and local agencies and authorities that participated in the FERC Pre-filing Process.

As shown in these Resource Reports, construction and operation of the Project facilities are not expected to have a significant adverse impact on the quality of human health or the environment. The facilities are designed to minimize or mitigate any environmental or other adverse impacts.

In accordance with the National Environmental Policy Act of 1969,[46] the proposed action is not a major federal action significantly affecting the quality of the human environment, and an EIS is not necessary for this Project.

B. Affected Landowners and Communities

Approval of the Project will have no significant impact on landowners. Pursuant to 18 C.F.R. § 157.6(d) of the Commission's Regulations, an "affected landowner" includes a residence within one-half mile of proposed LNG facilities

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46 42 U.S.C. §§ 4321, *et seq*.

and compressor stations. DCP identified and contacted all affected landowners and held several open houses to advise them of the Project. DCP will send formal notice to all landowners within one-half mile of the proposed LNG facilities and compressor station after this Application has been filed. A list of landowners whose property may be affected by the planned construction is included as part of Exhibit F(3)/F-I(7). DCP will provide landowner notification in accordance with 18 C.F.R. §157.6(d). DCP intends to work cooperatively with all affected landowners to address any potential concerns.

In addition, the Project is designed to minimize the impact on landowners and the environment. All construction activities for the Project will occur on land owned or controlled by DCP, or on pipeline easements/access agreements negotiated between DCP and the landowner.

C. Other Related Applications

There are no other related FERC Applications that must be considered in conjunction with this Application.

VIII. REQUEST FOR WAIVERS OR POLICY CLARIFICATIONS

DCP requests waivers, or clarifications, of general Commission policy in three areas.

First, the start-up of the proposed liquefaction facilities will require a period of testing and commissioning before being placed in service. DCP anticipates a period of perhaps six months prior to actual commercial operations during which small quantities of natural gas will be delivered to the LNG Terminal for testing purposes. Near the end of that period, for approximately three months, somewhat larger quantities of gas must be delivered and liquefied into LNG for testing and commissioning purposes. Accordingly, for such purposes, DCP plans to place the proposed Section 7 Facilities in service by March 2017 (*i.e.*, three months prior to the in-service date of the Section 3 facilities) to deliver the larger quantities of commissioning gas to the LNG Terminal. DCP respectfully requests all waivers of Commission policy that may be necessary to allow for this temporary use of the new Section 3 Facilities for testing purposes prior to actually placing them in service.

Second, DCP requests clarification regarding the reporting and accounting requirements applicable to its new "proprietary" LNG terminal services. The Commission generally waives its annual reporting requirements in sections 260.1, 260.2, and 260.300 (filing of annual reports), as well as its accounting requirements in Part 201 (adherence to the Uniform System of Accounts), for projects with market-based, or non-jurisdictional, rates.[47] The normally-required cost and revenue information is generally viewed as unnecessary when cost-based rates do not apply. Nevertheless, the Commission denied DCP's request of such a waiver for the Cove Point Expansion, apparently because of DCP's combination of both proprietary and cost-of-service based LNG import services.[48]

47 *E.g.*, D/Lo Gas Storage, LLC, 140 FERC ¶ 61,182 at P 43 (2012); Broadwater Energy LLC, 122 FERC ¶ 61,255 at P 42 (2008).
48 Dominion Cove Point LNG, LP, 115 FERC ¶ 61,337 P 145 (2006).

In contrast, DCP will provide LNG *export* service only on a proprietary basis. Accordingly, DCP requests that the Commission clarify whether the generally-applicable cost reporting and accounting requirements must apply to the new export services of this Project as well. To the extent permissible under Commission policy, DCP respectfully requests that the Commission waive those reporting and accounting requirements.

Even when the Commission waives reporting and accounting requirements for market-based rate services, it generally requires the operators to report the gas volume information that is the basis for the Commission's annual charge assessment ("ACA"). DCP requests clarification, however, regarding the application of the ACA to the Export Customers. Those customers, of course, will bear the ACA as part of their transportation service, like all other transportation customers. DCP requests clarification, however, regarding whether it is also required to charge the ACA as part of its proprietary LNG terminal service. To the extent permissible under Commission policy, DCP respectfully requests that the Commission grant any waivers necessary so that DCP may impose only a single ACA charge as part of the transportation and LNG terminal services to be provided to the Export Customers.

IX. LIST OF EXHIBITS

This is an abbreviated Application and, as such, contains only that data required to disclose fully the nature and extent of the proposed action. DCP believes that this Application contains all of the information necessary to explain fully its request, and to support a finding that the requested authorizations are not inconsistent with the public interest, and are consistent with the public convenience and necessity. To the extent that this Application does not contain every submission required by the Commission, DCP respectfully requests waiver of the Commission's regulations. The information required by Section 153.8 (Section 3 of the NGA) and Section 157.14 (Section 7 of the NGA) of the Commission's regulations is set forth below, attached hereto as exhibits, or omitted for the reasons stated:

A. Section 3 Exhibits (Liquefaction Facility)

Exhibit A(3) -	Articles of Incorporation Omitted. DCP's Certificate of Incorporation and Bylaws was filed as Exhibit A in its application in Docket No. CP03-74-000 and is incorporated herein by reference.
Exhibit B(3) -	Financial and Corporate Relationships Attached as Exhibit B(3)/D(7).
Exhibit C(3) -	Opinion of Counsel Regarding Authorized Powers Attached.
Exhibit D(3) -	Construction and Operation Agreement of Border Facilities Not applicable. The Project does not include a pipeline interconnection to export natural gas at border facilities in the U.S. and Canada or Mexico.
Exhibit E(3) -	Detailed Engineering and Design Information A report containing detailed engineering and design information is attached in Resource Report 13 of Exhibit F(3)/F-I(7).

Exhibit E-I(3) - Seismic Information
A report containing seismic information is attached in Resource Report 13 of Exhibit F(3)/F-I(7).

Exhibit F(3) - Environmental Report
Attached. An environmental report as specified in 18 C.F.R. §§ 380.3 and 380.12 is attached in Volume I. The environmental report required for Exhibit F(3) and Exhibit F-I(7) contains information on both the Section 3 and Section 7 Facilities.

Exhibit G(3) - Site Map
A geographical map showing the location of the facilities to be utilized for DCP's Project is included in Exhibit F(3)/F-I(7).

Exhibit H(3) - Federal Authorizations
Attached. The Federal authorization statement required for Exhibit H(3) and Exhibit J(7) contains information on both the Section 3 and Section 7 Facilities.

B. Section 7 Exhibits (Compression Facilities)

Exhibit A(7) - Articles of Incorporation and Bylaws
Omitted. DCP's Certificate of Incorporation and Bylaws was filed as Exhibit A in its application in Docket No. CP03-74-000 and is incorporated herein by reference.

Exhibit B(7) - State Authorization
Omitted. DCP's State Authorization was filed as Exhibit B to its application in Docket No. CP03-74-000 and is incorporated herein by reference.

Exhibit C(7) - Company Officials
Attached.

Exhibit D(7) - Subsidiaries and Affiliation
Attached as Exhibit B(3)/D(7).

Exhibit E(7) -	<u>Other Pending Applications and Filings</u> Not applicable. DCP knows of no other filings or applications pending before the Commission at the time of this filing which directly or significantly affect, or are affected by, this Application.
Exhibit F(7) -	<u>Location of Facilities</u> A geographical map showing the location of the facilities to be utilized for DCP's Project is included in Exhibit F(3)/F-I(7).
Exhibit F-I(7) -	<u>Environmental Report</u> Attached. An environmental report as specified in 18 C.F.R. §§ 380.3 and 380.12 is attached in Volume I. The environmental report required for Exhibit F(3) and Exhibit F-I(7) contain information on both the Section 3 and Section 7 Facilities.
Exhibits G(7), - G-I(7), and G-II(7)	<u>Flow Diagrams</u> Flow diagrams showing daily design capacity and reflecting operation with and without the proposed facilities added; flow diagrams reflecting maximum capabilities; and flow diagram data are attached in Volume III.
Exhibit H(7) -	<u>Total Gas Supply</u> Not applicable. Production areas are not accessible to the proposed construction of Project facilities that contain sufficient existing or potential gas supplies.
Exhibit I(7) A and B -	<u>Market Data</u> Attached.
Exhibit J(7) -	<u>Federal Authorizations</u> Attached. The Federal authorization statement required for Exhibit H(3) and Exhibit J(7) contains information on both the Section 3 and Section 7 Facilities.
Exhibit K(7) -	<u>Cost of Facilities</u> Attached.

Exhibit L(7) -	Financing Omitted. The proposed construction is to be financed from operating funds on hand at DCP or to be obtained from DCP's parent, Dominion Resources, Inc. It is projected that DCP's funds used during construction will be sourced through short-term borrowing and/or equity financing. The resulting AFUDC rate will be calculated in accordance with 18 C.F.R. Part 201, Gas Plant Instructions.
Exhibit M(7) -	Construction, Operation, and Management Not applicable. Construction of the facilities will be completed by independent contractors pursuant to contracts with those independent companies. The companies will be selected upon the most acceptable bids. The facilities will be integrated with DCP's existing properties and operated and managed in a like manner.
Exhibit N(7) -	Revenues, Expenses, and Income Attached.
Exhibit O(7) -	Depreciation and Depletion Omitted. DCP proposes to use a system depreciation rate of 2.82% for the incremental transmission facilities consistent with the rates approved in Docket No. RP11-2137, by final Commission Order issued July 9, 2012.
Exhibit P(7) -	Cost of Service, Rate Base, Return, and Rates; Tariff Attached.

X. NOTICE

A form of notice suitable for publication in the *Federal Register* is attached.

XI. REQUESTED AUTHORIZATION AND CONCLUSION

DCP respectfully requests that the Commission accept this Application for filing and publish notice of this application in the *Federal Register*. DCP further requests that the Commission issue authorizations under Sections 3 and 7 of the NGA no later than February 1, 2014, authorizing DCP to construct, modify, and operate certain facilities located in Maryland, and to construct, install, own, operate and maintain facilities located in Virginia, as described more fully in this Application.

DCP requests that the Commission process this Application pursuant to the shortened procedures as provided for under Subpart H of Part 385 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §385 Subpart H (2013).

In addition, DCP requests that the Commission process this Application in accordance with the shortened procedures set forth in Rules 801 and 802 of the Commission's Rules of Practice and Procedure, and that the Commission omit the intermediate decision procedures. If the Commission grants this request, DCP agrees to waive oral hearing and the opportunity for filing exceptions to the decision of the Commission, while reserving the right to request rehearing and petition for judicial review of the Commission's decision.

DCP requests that the Commission find that authorization of the proposal herein does not constitute a major federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act of 1969 (42 U.S.C. §§ 4321, *et seq.*).

DCP requests that the Commission waive, to the extent necessary, its general rules and regulations applicable to this filing in order to grant promptly the requested authorization.

Finally, DCP requests that the Commission grant such other and further relief as may be proper and appropriate in the circumstances.

DCP knows of no other application to supplement or effectuate this proposal that must be filed by DCP, its customers, or any other person to this Commission.

Respectfully submitted,

/s/ *Matthew R. Bley*
/s/ *Margaret H. Peters*
/s/ *J. Patrick Nevins*

Matthew R. Bley
Dominion Transmission, Inc.
Manager, Gas Transmission Certificates
Dominion Cove Point LNG, LP
Authorized Representative
701 E. Cary Street, 5th Floor
Richmond, VA 23219

Margaret H. Peters
Assistant General Counsel
Dominion Resources Services, Inc.
120 Tredegar Street, R-2
Richmond, VA 23219

J. Patrick Nevins
Hogan Lovells USA LLP
555 Thirteenth Street NW
Washington, DC 20004

Dated: April 1, 2013

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Dominion Cove Point LNG, LP) Docket No. CP13-___-000

NOTICE OF APPLICATION FOR CONSTRUCTION, MODIFICATION, AND OPERATION OF FACILITIES USED FOR THE EXPORT OF NATURAL GAS AND CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

Take notice that on April 1, 2013, Dominion Cove Point LNG, LP ("DCP"), with a principal place of business at 120 Tredegar Street, Richmond, VA, filed with the Federal Energy Regulatory Commission an Application under Sections 3 and 7 of the Natural Gas Act seeking authorization to construct, modify, and operate certain facilities located in Calvert County, Maryland, and to construct, install, own, operate and maintain facilities located in Fairfax and Loudoun Counties, Virginia that comprise the Cove Point Liquefaction Project. Any questions regarding this Application should be directed to Amanda K. Prestage, Regulatory and Certificates Analyst III, Dominion Transmission, Inc., 701 East Cary Street, Richmond, VA 23219, telephone: (804) 771-4416, facsimile: (804) 771-4804, and e-mail: Amanda.K.Prestage@dom.com.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. Anyone filing a motion to intervene or protest must serve a copy of that document on the Applicant. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at http://www.ferc.gov. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at http://www.ferc.gov, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date:

Kimberly D. Bose
Secretary

LIST OF EXHIBITS

Exhibit B(3)/D(7)	–	Financial and Corporate Relationships/ Subsidiaries and Affiliation
Exhibit C(3)	–	Opinion of Counsel Regarding Authorized Powers
Exhibit F(3)/F-I(7)	–	Environmental Report
Exhibit H(3)/J(7)	–	Federal Authorizations
Exhibit C(7)	–	Company Officials
Exhibit G(7), G-I(7), AND G-II(7)	–	Flow Diagrams
Exhibit I(7) A	–	Market Data
Exhibit K(7)	–	Cost of Facilities
Exhibit N(7)	–	Revenues, Expenses, and Income
Exhibit P(7)	–	Tariff

EXHIBIT B(3) / D(7)

FINANCIAL AND CORPORATE RELATIONSHIPS / SUBSIDIARIES AND AFFILIATION

EXHIBIT B(3) / D(7)

SUBSIDIARIES AND AFFILIATION

Dominion Cove Point LNG, LP is a wholly-owned limited partnership of Dominion Gas Projects Company, LLC and Dominion Cove Point LNG Company, LLC, which are wholly owned subsidiaries of Dominion Cove Point, Inc., a wholly owned subsidiary of Dominion Resources, Inc.

EXHIBIT C(3)

OPINION OF COUNSEL REGARDING AUTHORIZED POWERS

Mark O. Webb
Vice President and General Counsel

Dominion Resources, Inc.
120 Tredegar Street, Richmond, VA 23219

Web Address: www.dom.com

Dominion®

April 1, 2013

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, D.C. 20426

Re: Dominion Cove Point LNG, LP
Application to Expand Existing LNG Facility for the Export of Natural Gas
Exhibit C - Opinion of Counsel

Dear Secretary Bose:

Dominion Cove Point LNG, LP ("DCP"), by and through its general partner, Dominion Cove Point LNG Company, LLC ("Cove Point") is applying to the Federal Energy Regulatory Commission ("Commission") pursuant to the requirements of Section 3(a) of the Natural Gas Act, as amended, and Part 153 of the Commission's regulations for authorization to construct certain new facilities at DCP's existing liquefied natural gas ("LNG") terminal located in Lusby, Calvert County, Maryland ("Cove Point LNG Terminal") to add liquefaction capability in order to provide gas liquefaction and LNG export services. DCP proposes to construct facilities, when combined with the existing facilities, will allow DCP to provide a bi-directional service of import and export of LNG at the Cove Point LNG Terminal.

As Vice President and General Counsel of Dominion Resources, Inc., the indirect parent of both DCP and Cove Point, I have general responsibility over the attorneys within our Legal Department responsible for rendering legal counsel to DCP and Cove Point regarding corporate, regulatory and other matters. I furnish this opinion pursuant to Section 153.8(a)(3) of the Commission's regulations in support of DCP's Section 3(a) application to the Commission. Section 153.8(a)(3) requires that DCP provide, as Exhibit C to its application, an opinion of counsel that the proposal is within the authorized powers of DCP and that DCP has complied with the laws and regulations of the states in which it operates.

In connection with this opinion, I or attorneys acting under my supervision have examined DCP's records and have made such investigations of law, as I have deemed relevant and necessary for the purpose of rendering this opinion. Based on the foregoing examinations, I am of the opinion that the proposed construction set forth in DCP's application to the Commission is within the authorized powers of DCP and that DCP has complied with the laws and regulations of the states in which it operates which are applicable to the above-referenced application.

This opinion may not be relied upon by any person without our prior written consent. I do not undertake to advise you of any changes in the opinions expressed herein resulting from matters that may hereinafter arise or that may hereinafter be brought to my attention.

Very truly yours,

Mark O. Webb
Vice President & General Counsel

EXHIBIT F(3)/F-I(7)

ENVIRONMENTAL REPORT

Exhibit F(3)/F-I(7) is included under separate cover in Volume I of III.

EXHIBIT H(3) / J(7)

FEDERAL AUTHORIZATIONS

EXHIBIT H(3) / J(7)

FEDERAL AUTHORIZATIONS

Statement:

Pursuant to 18 CFR 153.8(a)(9), the attached table identifies each Federal authorization that the proposal will require; the Federal agency or officer, or State agency or officer acting pursuant to delegated Federal authority, that will issue each required authorization; the date each request for authorization was submitted; why any request was not submitted and the date submission is expected; and the date by which final action on each Federal authorization has been requested or is expected.

Pursuant to the regulations, only the Federal authorizations required for this Project are included herein.

EXHIBIT H(3)/J(7)

FEDERAL AUTHORIZATIONS

Federal Act/Section/Program Requiring Permit, Approval or Consultation	**Issuing Agency**	**Date Submitted or Reason Why No Submission is Required**	**Date Clearance Received/ *Anticipated Date of Receipt***
Natural Gas Act - Order of Authorization and Certificate of Public Convenience and Need	Federal Energy Regulatory Commission	April 1, 2013	*February 2014*
Clean Water Act, Section 404 Permit	U.S. Army Corps of Engineers, Baltimore District	April 1, 2013	*March 2014*
Rivers and Harbors Act, Section 10 Permit	U.S. Army Corps of Engineers, Baltimore District	April 1, 2013	*March 2014*
Clean Water Act, Section 404 Permit	U.S. Army Corps of Engineers, Norfolk District	April 1, 2013	*March 2014*
Endangered Species Act, Section 7 Consultation	U.S. Fish & Wildlife Service (Maryland)	June 14, 2012	August 9, 2012
Fish and Wildlife Coordination Act Consultation	U.S. Fish & Wildlife Service (Maryland)	June 14, 2012	August 9, 2012
Migratory Bird Act Consultation	U.S. Fish & Wildlife Service (Maryland)	June 14, 2012	August 9, 2012
Bald and Golden Eagle Management Act Consultation	U.S. Fish & Wildlife Service (Maryland)	June 14, 2012	August 9, 2012
Endangered Species Act, Section 7 Consultation	U.S. Fish & Wildlife Service (Virginia)	January 2, 2013	*April 2013*
Fish and Wildlife Coordination Act Consultation	U.S. Fish & Wildlife Service (Virginia)	January 2, 2013	*April 2013*
Migratory Bird Act Consultation	U.S. Fish & Wildlife Service (Virginia)	January 2, 2013	*April 2013*
Bald and Golden Eagle Management Act Consultation	U.S. Fish & Wildlife Service (Virginia)	January 2, 2013	*April 2013*
Endangered Species Act, Section 7 Consultation	National Marine Fisheries Service	June 14, 2012	*February 2014*
Magnuson-Stevens Act, Essential Fish Habitat Consultation	National Marine Fisheries Service	June 14, 2012	February 25, 2013
Notice of Proposed Construction or Alteration	Federal Aviation Administration	February 2014	*March 2014*
Letter of Recommendation	U.S. Coast Guard	May 23, 2012	July 2, 2012

Federal Act / Section / Program Requiring Permit, Approval or Consultation	**Issuing Agency**	**Date Submitted or Reason Why No Submission is Required**	**Date Clearance Received /** ***Anticipated Date of Receipt***
Consultation	U.S. Department of Defense	May 2, 2012	February 22, 2013
Order (For Free Trade Agreement Countries)	U.S. Department of Energy	September 1, 2011	October 7, 2011
Order (For Non-Free Trade Agreement Countries)	U.S. Department of Energy	October 3, 2011	The DOE has not issued an Order for this authorization as of the date of this filing.

EXHIBIT C(7)

COMPANY OFFICIALS

EXHIBIT C(7)

COMPANY OFFICIALS

Dominion Cove Point LNG, LP is a partnership that operates through its General Partner, Dominion Cove Point LNG Company, LLC. The officers of the General Partner are:

Name	
Sypolt, Gary L.	President
Hetzer, G. Scott	Senior Vice President - Tax and Treasurer
Sawhney, Ashwini	Vice President (Principal Accounting Officer)
Hodges, Simon C.	Vice President - Financial Management
Raikes, Donald R.	Vice President - Transmission Marketing and Customer Services
Barger, Jeffrey L.	Vice President - Pipeline Operations
Carney, James P.	Vice President and Assistant Treasurer
Merritt, Becky C.	Vice President - Shared Services
Hartz, Leslie N.	Vice President - Pipeline Engineering
Faggert, Pamela F.	Vice President - Chief Environmental Officer
Tanner, Elwood L.	Controller
Reid, Carter M.	Secretary
Burr, Sharon L.	Assistant Secretary
Newman, John L.	Assistant Treasurer
Allen, Thomas J.	Assistant Secretary
Leopold, Diane	Senior Vice President
Bomar, Anne E.	Senior Vice President - Strategy

EXHIBIT G(7), G-I(7), AND G-II(7)

FLOW DIAGRAMS

EXHIBIT G(7), G-I(7), AND G-II(7)

FLOW DIAGRAMS

Exhibits G(7), G-I(7), and G-II(7):

The following flow diagrams are being submitted as Exhibits G(7) and G-I(7):

(1) Prior to Cove Point Liquefaction Project – Maximum Eastern Flow - January Peak Day. This flow diagram reflects the contract receipts and deliveries DCP would expect on a January peak day prior to implementing this Project that would result in maximizing the flows on the system from west to east. The January peak day is the design day for the required facility additions needed to perform the incremental services proposed in this application.

(2) With Cove Point Liquefaction Project – Maximum Eastern Flows - January Peak Day. This flow diagram reflects the contract receipts and deliveries DCP would expect on a January peak day after implementing the Cove Point Liquefaction Project that would result in maximizing the flows on the system from west to east. The incremental facilities described in this Application have been sufficiently incorporated into DCP's operations to enable DCP to continue to satisfy its existing firm obligations while also satisfying the incremental firm services described herein.

Exhibit G-II(7):

Assumptions, bases, and formulae associated with the flow diagrams are included in Volume III, which is considered Critical Energy Infrastructure Information (CEII).

Exhibit G(7), G-I(7) and G-II(7) can be found in Volume III of III (CONTAINS CRITICAL ENERGY INFRASTRUCTURE INFORMATION – DO NOT RELEASE).

EXHIBIT I(7) A

MARKET DATA

EXHIBIT I(7) A

MARKET DATA

In its 1999 Certificate Policy Statement, the Commission found that precedent agreements are "significant evidence of demand" to support the approval of natural gas pipeline construction projects. Certification of New Interstate Natural Gas Pipeline Facilities, Policy Statement, 88 FERC ¶ 61,227 at p. 61,748 (1999).

Accordingly, Dominion Cove Point LNG, LP (DCP) provides below a summary of the relevant terms of precedent agreements with its Export Customers for pipeline transportation to demonstrate that the Section 7 Facilities of its Project are warranted by market need. This exhibit is supported by the sworn verification of an authorized Dominion Transmission, Inc. (DTI) official.

Market Support

The two Export Customers (subsidiaries of Sumitomo Corporation and GAIL India (Limited) respectively, referred to herein as "Sumitomo" and "GAIL") have executed binding precedent agreements representing 850,000 Dth/day of firm transportation capacity that is created by the Project. These agreements contain conditions precedent related only to the receipt of governmental authorizations for the Project.[1]

1 The Commission has found that customer agreements including such conditions are sufficient evidence of market support for a pipeline project. *See, e.g.*, East Tennessee Natural Gas Co., 98 FERC ¶ 61,331, at p. 62,398 (2002).

Sumitomo will have a maximum daily transportation quantity (MDTQ) of 430,000 Dth/day and GAIL a MDTQ of 420,000 Dth/day for transportation from west to east on the Cove Point Pipeline to the LNG Terminal. In the event of an election to switch to import/regasification service, both of the Export Customers will be entitled to switch their primary receipt and delivery points, to provide for transportation flowing east to west away from the LNG Terminal. Each Export Customer's firm receipt point rights at the LNG Terminal in this event, however, shall be limited to 330,000 Dth/day, to match its send-out capacity.

In each instance, the Customer's Primary Receipt Point entitlement shall not exceed the MDTQ at the following locations:

a) At the point of interconnection between the facilities of DCP and Columbia Gas Transmission (TCO) in Loudon County, VA;
b) At the point of interconnection between the facilities of DCP and DTI in Loudoun County, VA; and
c) At the point of interconnection between the facilities of DCP and Transcontinental Gas Pipe Line Corporation (Transco) at Pleasant Valley, Fairfax County, VA.

As of the date of this filing, Sumitomo has elected the Pleasant Valley Interconnection as its Primary Receipt Point for the full MDTQ of the agreement. GAIL's agreement provides for up to 180,000 Dth/day at the -TCO Interconnection, up to 180,000 Dth/day at the Loudoun-DTI Interconnection, and up to 60,000 Dth/day at the Pleasant Valley-Transco Interconnection. Under certain circumstances, however, GAIL may elect to revise the primary receipt points shortly after the FERC order issues.

For both Export Customers, the Primary Delivery Point shall be DCP's LNG Terminal located in Lusby, Calvert County, MD.

In addition, subject to certain requirements, to the extent an election is made to switch the nature of its service from export to import (or vice versa), the Customers may elect to reverse the primary points where the Primary Receipt Point shall be the LNG Terminal and the Primary Delivery Point(s) shall be the Primary Receipt Point, prorated based on the points of interconnection agreed to for the export service.

Each of the Customers will enter into service agreements for firm transportation service from DCP, at the points and for the quantities detailed above. Service will be provided under the terms and conditions of DCP's existing Rate Schedule FTS. Each Customer's Precedent Agreement provides for DCP to commence this firm service on the in-service date of the Section 3 Facilities (defined in the Application), and continue for a primary term of twenty years.

DCP and the Export Customers have agreed on a negotiated base rate for the transportation service. The agreed-upon negotiated base rate is a fixed rate, which will not vary over the term of the service agreement, of $0.1930 per Dth of MDTQ, calculated on a 100 percent load factor basis.

In addition, DCP has also agreed with the Export Customers to the following provisions which differ from DCP's *pro forma* Form of Service Agreement under Rate Schedule FTS:

- Contract extension and termination rights, which reflects specific characteristics relating to the Project, including the right to terminate the FTS agreement if DCP is no longer providing terminal service for reasons other than a default by the Export Customer;
- The right to change primary receipt and delivery points under the FTS agreement to correspond to the export/import elections, as described in Section V.D, and under certain circumstances, an election to revise the primary receipt points shortly after the FERC order issues; and,
- Creditworthiness provisions that reflect the higher risks, and significant financial commitments, associated with the Project.

EXHIBIT I(7) A and B

MARKET DATA

AFFIDAVIT

I, Donald R. Raikes, Vice President, Transmission Marketing & Customer Services, affirm that the summary of information set forth in this Exhibit I(7) A and B is a true and correct representation of the binding market commitments Dominion Cove Point LNG, LP has received to support this Project.

Donald R. Raikes

COMMONWEALTH OF VIRGINIA)
City OF Richmond)
)

Before me, the undersigned Notary Public, personally appeared **DONALD R. RAIKES**, who being duly sworn on oath, deposes and says that he has read the foregoing statement and the facts contained therein and states that such statements and facts are true and correct to the best of his knowledge, information and belief.

Subscribed and sworn to me as of the 29th day of March, 2013.

HOLLY JOHNSON NOTARY PUBLIC REG # 362000 MY COMMISSION EXPIRES 2/29/2016 COMMONWEALTH OF VIRGINIA

Holly Johnson
Notary Public

My Commission expires February 29, 2016

EXHIBIT I(7) B

MARKET DATA

Exhibit I(7) B is included in Volume II of III.

CONTAINS PRIVILEGED INFORMATION – DO NOT RELEASE

EXHIBIT K(7)

COST OF FACILITIES

Particular	**Pleasant Valley Compressor Station ($)**	**Pleasant Valley M&R site and Pipelines ($)**	**Loudoun M&R site ($)**	**Totals ($)**
Right of Way	0	46,344	0	46,344
Damages	0	17,379	0	17,379
Surveys	34,758	0	0	34,758
Materials	56,827,620	1,364,963	571,315	58,763,898
Contract/Labor	30,703,163	1,708,950	637,235	33,049,348
Engineering & Inspection	6,239,114	592,050	289,652	7,120,816
Line Pack	28,154	28,965	28,965	86,084
Taxes	0	0	0	0
Freight	463,444	23,172	5,793	492,409
Pipe Coating	28,965	28,965	28,965	86,895
Cathodic Protection	57,930	57,930	57,930	173,790
Telecommunications Equipment	0	0	0	0
Overheads	5,954,793	243,934	104,252	6,302,979
AFUDC	5,045,647	236,713	106,175	5,388,535
Contingencies	13,580,186	480,453	217,963	14,278,602
Legal Fees	28,965	28,965	28,965	86,895
Other Services and Costs	161,047			161,047
Regulatory Fees	115,861	57,930	28,965	202,756
Total Estimated Costs	**119,269,647**	**4,916,713**	**2,106,175**	**126,292,535**

EXHIBIT N(7)

REVENUES, EXPENSES, AND INCOME

Revenue, Expenses, and Income

The construction and operation of the Cove Point Liquefaction Project transportation service facilities proposed herein will not sigificantly affect Dominion Cove Point LNG, LP's (DCP) total annual operating revenue or expenses.

Page 2 shows the revenue, expenses, and income for the incrementally priced transportation service proposed in this docket.

Total Transportation Revenues, Expenses, and Income

Line No.	Particulars	Notes	1st Year	2nd Year	3rd Year
	Column (1)		(2)	(3)	(4)
	Revenue, Expenses, and Income				
1	**Annual Transportation Revenue**	1/, 2/	$57,028,320	$57,028,320	$57,028,320
	Expenses:				
2	Operation & Maintenance		34,074,164	34,175,570	34,279,765
3	Depreciation		3,561,449	3,561,449	3,561,449
4	Taxes Other Than Income		2,033,310	2,033,310	2,033,310
5	Interest		3,471,931	3,312,699	3,129,238
6	**Total Transportation Expenses**		$43,140,854	$43,083,028	$43,003,762
7	Income Before Income Taxes	3/	13,887,466	13,945,292	14,024,558
8	State & Federal Income Tax		5,493,091	5,241,163	4,950,902
9	**Transportation Income**	4/	$8,394,375	$8,704,129	$9,073,656

1/ The annual transportation revenue is the product of the proposed firm reservation rate and the firm transportation reservation determinants.
2/ This charge is additive to all other applicable rates, charges, surcharges, penalties, and fuel retention. The revenue associated with such other charges is not reflected in Line 1 above.
3/ Line 1 - Line 6
4/ Line 7 - Line 8

EXHIBIT P(7)

TARIFF

Cost of Service, Rate Base, Return, and Rates

Page 2 shows the cost of service for the Cove Point Liquefaction Project transportation service. DCP is basing its rates on the average first-year cost of service. DCP proposes to use a system depreciation rate of 2.82% for the incremental facilities consistent with the rates approved in Docket No. RP11-2137, approved by final Commission order issued July 9, 2012.

Page 3 of Exhibit P shows the monthly incremental firm base reservation rate (see Line 4, Column 1). Project customers will pay this firm base reservation rate in addition to all other rates, charges, surcharges, penalties, and fuel retention deemed applicable to this firm transportation service, including a separately identified electric surcharge and the Cove Point East base commodity rate.

Page 4 of Exhibit P shows the calculation of annual rate base and return for the first three years of service. The pretax return of 14.0% is based on the settlement in Docket No. RP11-2137, approved by final Commission order issued July 9, 2012.

Total Cost of Service - Transportation

Line No.	Particulars	Notes	1st Year	2nd Year	3rd Year
	Column (1)		(2)	(3)	(4)
	Cost of Service - Transportation				
	O&M Expenses:	1/			
1	Transmission Lines		$0	$0	$0
2	Transmission Compression		3,687,500	3,788,906	3,893,101
3	Transmission M&R		0	0	0
4	Other Transmission Units	2/	30,386,664	30,386,664	30,386,664
5	**Total O&M Expenses**		$34,074,164	$34,175,570	$34,279,765
6	DD&A	3/	3,561,449	3,561,449	3,561,449
7	Other Taxes	4/	2,033,310	2,033,310	2,033,310
8	Pretax Return		17,359,655	16,563,494	15,646,192
9	**Total Cost of Service**	5/	**$57,028,578**	**$56,333,823**	**$55,520,716**

1/ O&M Expense is based on DCP historical expenses escalated at 2.75% per year.
2/ Capacity associated with the Cove Point Expansion Project (660,000 Dth x $3.8367 x 12 months)
3/ Depreciation is based on a rate of 2.82%, as approved by FERC order in Docket No. RP11-2137.
4/ Other Taxes, including property tax, on the proposed facilities are calculated at a rate of approximately 1.6%.
5/ Line 5 + Line 6 + Line 7 + Line 8

Transportation Rates

Line No.	Particulars	Notes	Amounts
	Column (1)		(2)
	<u>Transportation Rates</u>		
	Transportation Billing Determininant Summary		
1	Firm Transportation Reservation Determinants (Dt/d)		860,000
2	Annual Firm Transportation Reservation Determinants (Dt/d)	1/	10,320,000
	Transportation Rate Derivation		
3	First Year Cost of Service	2/	$57,028,578
4	Monthly Incremental Firm Reservation Rate	3/	$5.5260
5	100% Load Factor Incremental Firm Reservation Rate	4/	$0.1817

1/ Line 1 * 12
2/ Exhibit P, Page 2 of 4, Column 2, Line 9
3/ Line 3 / Line 2
4/ (Line 4 * 12) / 365

Transportation Rate Base and Return

Line No.	Particulars	Notes	1st Year	2nd Year	3rd Year
	Column (1)		(2)	(3)	(4)
	Transportation				
	Rate Base				
1	Gross Plant (Depreciable)		$126,292,535	$126,292,535	$126,292,535
2	Accumulated DD&A		(1,780,725)	(5,342,174)	(8,903,624)
3	Net Plant		124,511,810	120,950,361	117,388,911
4	Accumulated Deferred Taxes		(514,276)	(2,639,687)	(5,630,396)
5	Total Rate Base	1/	123,997,534	118,310,674	111,758,515
6	Pretax Return Rate	2/	14.00%	14.00%	14.00%
7	Pretax Return	3/	$17,359,655	$16,563,494	$15,646,192

1/ Line 3 + Line 4
2/ Return is based on DCP's most recent general rate case (Docket No. RP11-2137).
3/ Line 5 * Line 6

Pro Forma Tariff Records

Pro Forma Tariff Record No. 10.35
Pro Forma Tariff Record No. 40.31

SUMMARY OF INCREMENTAL RATES
($ PER DTH)

	Base Reservation Rate	Base Commodity Rate 1/	Reservation Electric Surcharge 2/	Commodity Electric Surcharge 2/	Overrun Rate 1/	Fuel Retention 3/
Cove Point East	1.3724	0.0012	0.0669	0.0210	0.0695	0.6%
Cove Point Expansion	3.8367	4/			0.1261	5/
Cove Point Liquefaction	5.5126	0.0012	6/	6/	6/	5/

1/ The Total Rate includes the Base Rate as shown and an additional charge of $0.0018 for the Annual Charge Adjustment.

2/ Updated annually in electric tracker.

3/ Updated annually in fuel tracker.

4/ FTS Base Tariff Commodity Rate, as set forth on Tariff Record No. 10.20, is applicable to this service.

5/ See Tariff Record No. 10.45 FTS Fuel Retainage Percentage.

6/ The Reservation Electric Surcharge, Commodity Electric Surcharge, and Overrun Rate will be proposed in a Section 4 proceeding that will be filed 30-60 days before the in-service date of the Cove Point Liquefaction Project.

GENERAL TERMS AND CONDITIONS
Notice of Incremental Services
Section 30

30. Notice of Incremental Services

Operator also provides the firm services identified in this Section 30, pursuant to Commission authorizations issued under Section 3 of the Natural Gas Act ("NGA")("Section 3 Firm Services"). These services generally are defined by and performed under separate contracts between Operator and its customers. Operator shall require all Section 3 Firm Service Buyers to comply with all of Operator's operating and safety procedures, as may be amended from time to time, and with all federal, State and local laws, rules and regulations pertaining, but not limited to, operations, environment, health and safety.

(a) 2017 Terminal Expansion – Regasification Services Only. As authorized by the Commission in Docket No. CP13-___-000, Operator provides a Section 3 Firm LNG Tanker Discharge Service-Expansion that includes a total terminal sendout entitlement (MDDQ) of 660,000 Dth per day and a total maximum storage quantity (MCSQ) of 6.8 Bcf. This Section 3 Firm Service is limited to and shall not exceed these MDDQ and MCSQ entitlements; nor are these Section 3 Firm Service entitlements available for service under Section 7 rate schedules. In addition, Operator makes the following acknowledgments:

(1) This Section 3 Firm Service shall be treated as equivalent to service under Rate Schedule LTD-1 except for the following provisions: Sections 1 (Availability), Sections 2.1 and 2.2 (concerning Part 284), the quantification of MCSQ in the second sentence of Section 2.3, the third paragraph of Section 2.5 (concerning streaming), Section 2.6 (concerning release and assignment), Section 2.A (Incremental Sendout Quantities), Section 2.B (Incremental Port Facilities), Section 3 (Rates), Section 4.3(d) (concerning partial unloadings and inventory), Section 5.3(a) (concerning LNG Tanker description), Section 5.3(b) (concerning berthing and discharging facilities), Section 5.3(d) (concerning transport responsibilities and bunkering), Section 5.3(e) (concerning LNG Tanker repairs), Section 5.4(a) (concerning the right to commingle LNG), Section 5.4(b) (concerning transfers), Sections 6.2, 6.3, and 6.4 (concerning responsibility), Section 6.7 (concerning assignment), Section 7 (General Terms and Conditions subject to the limitations set forth in subsection 30(a)(2) below), Section 8 (Reservations), and Section 9 (Insurance).

(2) The following provisions of the General Terms and Conditions of the FERC Gas Tariff are not incorporated and are not a part of this Section 3 Firm Service: Sections 1.1-1.4, 1.6, 1.7, 1.9-1.12, 1.14, 1.17, 1.25, 1.26, 1.32, 1.35, and 1.49 (concerning inapplicable definitions), Section 3 (Requests for Service), Section 4 (Bidding for Available Firm Service), Section 5 (Service Agreement), Section 6(b)(6) (inapplicable scheduling provisions), Sections 6(d), 6(e), and 6(f) (Service Obligation, Creditworthiness of Buyer, and General Limitation on Operator's Obligation), Section 7 (Flexible Primary and Secondary Receipt and Delivery Points), Section 10 (Release and Assignment of Service Rights), Section 12(a) and (b) (concerning inapplicable penalties), Section 12(e) (Penalty Revenue Sharing), Section 13 (Discounting), 14(b) (Force Majeure-Effect), the last sentence of Section 16(a)(1) (concerning FPS service), Section 18(d) (Suspension or Termination for Nonpayment), Section 20 (Construction of Facilities), Section 22 (Complaint Resolution Procedure), Section 24 (Notices), Section 27 (inapplicable electric power costs), Section 29 (Negotiated Rates), Section 31 (Revenue Crediting), Section 32 (Notice of Incremental Port Facility Service), Section 34 (Off-System Capacity), and Section 36 (Liquefier Usage).

(3) For purposes of the listed sections of these General Terms, this Section 3 Firm

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Service shall be treated as a firm LNG tanker discharge service, equivalent in priority to the services provided under Rate Schedule LTD-1: 14 (Force Majeure); 15 (Capacity and Imbalance Allocations); 16 (Interruptions of Service) and 17 (Operational Flow Orders).

(4) Buyers under this Section 3 Firm Service Buyer may elect to utilize the Coordinating Buyer provisions of Section 2.5 of Rate Schedule LTD-1, and upon such election, the Section 3 Firm Service shall be treated as equivalent to Rate Schedule LTD-1 for purposes of that Section; provided that any such Buyer separately must secure any necessary agreement of electing LTD-1 Coordinating Buyers with which it seeks to coordinate.

(5) Section 11 of the GT&C (LNG Inventory Transfers Among Buyers) shall apply to Buyers under this Section 3 Firm Service.

(6) Buyers of this Section 3 Firm Service shall have the right to initiate and to participate fully in proceedings before the Commission regarding this FERC Gas Tariff.