

162 FERC ¶ 61,050
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Kevin J. McIntyre, Chairman;
Cheryl A. LaFleur, Neil Chatterjee,
Robert F. Powelson, and Richard Glick.

Transcontinental Gas Pipe Line Company, LLC

Docket No. CP17-58-000

ORDER ISSUING CERTIFICATE

(Issued January 18, 2018)

1. On February 6, 2017, Transcontinental Gas Pipe Line Company, LLC (Transco) filed an application under section 7(c) of the Natural Gas Act (NGA)¹ and Part 157 of the Commission's regulations² for a certificate of public convenience and necessity to construct and operate the St. James Supply Project, which is intended to provide 161,500 dekatherms per day (Dth/day) of incremental firm transportation service for a new methanol manufacturing plant in St. James Parish, Louisiana.
2. For the reasons discussed below, the Commission will grant Transco's requested certificate authorization, subject to certain conditions.

I. Background and Proposal

3. Transco, a Delaware limited liability company, is a natural gas company as defined by section 2(6) of the NGA,³ engaged in the transportation of natural gas in interstate commerce. Transco's system extends from Texas, Louisiana, and the offshore Gulf of Mexico area, through Mississippi, Alabama, Georgia, South Carolina, North Carolina, Virginia, Maryland, Pennsylvania, and New Jersey, to its termini in the New York City metropolitan area.

¹ 15 U.S.C. § 717f(c) (2012).

² 18 C.F.R. pt. 157 (2017).

³ 15 U.S.C. § 717a(6) (2012).

4. Transco proposes the St. James Supply Project to provide 161,500 Dth/day of incremental firm transportation service to its customer, YCI St. James Enterprises LLC (YCI), at a new methanol manufacturing plant. Transco states that it will transport gas to YCI from its Station 65 Zone 3 Pool in St. Helena Parish, Louisiana, southward along its existing Southeast Louisiana Laterals and through the St. James Supply Lateral to an interconnect with the methanol facility.

5. Specifically, Transco proposes to construct and operate: (1) approximately 0.72 mile of 20-inch-diameter pipeline, extending from the new Old River Road meter and regulating (M&R) station to the new methanol facility in St. James Parish (St. James Supply Lateral); (2) the new Old River Road M&R station, which will interconnect with Transco's existing Southeast Louisiana Laterals "B" and "C" at milepost 72.37 in St. James Parish; (3) piping and valve modifications to Transco's existing Compressor Stations 65 and 63 in St. Helena and St. James Parishes, respectively, to allow for the bi-directional flow of gas between Compressor Stations 65 and 62 on the Southeast Louisiana Laterals;⁴ (4) the new Cajun Road M&R station on Transco's mainline, which will interconnect with Texas Eastern Transmission Company (Texas Eastern) on Transco's mainline at milepost 581.33 in Pointe Coupee Parish;⁵ and (5) appurtenant facilities.

6. Prior to holding an open season, Transco executed a binding precedent with YCI for all of the service associated with the project. Transco subsequently held an open season from August 14, 2015 to September 14, 2015, during which it offered firm transportation service under the proposed project to other potential shippers. Transco received no other bids for firm service. The precedent agreement with YCI is for firm transportation service under Transco's Rate Schedule FT for an initial 20-year term.

7. Transco estimates the cost of the project to be approximately \$33.5 million. Transco proposes an incremental recourse reservation charge under its existing Rate Schedule FT for firm service using the St. James Supply Project capacity. Transco proposes to apply its generally applicable system fuel retention and electric power rates for service on the project. Transco states that YCI has elected to pay a negotiated rate for the proposed firm transportation service.

⁴ The Southeast Louisiana Laterals are currently configured to provide south-to-north transportation service only. The Old River Road M&R station interconnect with the Southeast Louisiana Laterals will be between Compressor Stations 63 and 62.

⁵ Transco states that the new interconnect with Texas Eastern will provide YCI with a secondary source of natural gas.

II. Notice and Interventions

8. Notice of Transco's application was issued on February 21, 2017, and published in the *Federal Register* on February 28, 2017.⁶ The notice established March 14, 2017, as the deadline for filing comments and interventions. Timely, unopposed motions to intervene are granted by operation of Rule 214(c)(1) of the Commission's Rules of Practice and Procedure.⁷ National Grid Gas Delivery Companies and EQT Energy, LLC filed untimely motions to intervene, which were granted by Secretary's Notice on March 31, 2017 and May 5, 2017, respectively. Appendix A lists all intervenors.

III. Discussion

9. Because Transco's proposed facilities will be used to transport natural gas in interstate commerce subject to the jurisdiction of the Commission, the construction and operation of the facilities are subject to the requirements of subsections (c) and (e) of section 7 of the NGA.⁸

A. Certificate Policy Statement

10. The Certificate Policy Statement provides guidance for evaluating proposals to certificate new pipeline construction.⁹ The Certificate Policy Statement establishes criteria for determining whether there is a need for a proposed project and whether the proposed project will serve the public interest. The Certificate Policy Statement explains that in deciding whether to authorize the construction of major new pipeline facilities, the Commission balances the public benefits against the potential adverse consequences. The Commission's goal is to give appropriate consideration to the enhancement of competitive transportation alternatives, the possibility of overbuilding, subsidization by existing customers, the applicant's responsibility for unsubscribed capacity, the avoidance of unnecessary disruptions of the environment, and the unneeded exercise of eminent domain in evaluating new pipeline construction.

⁶ 82 Fed. Reg. 12,087.

⁷ 18 C.F.R. § 385.214(c)(1) (2017).

⁸ 16 U.S.C. § 717f(c) and (e) (2012).

⁹ *Certification of New Interstate Natural Gas Pipeline Facilities*, 88 FERC ¶ 61,227 (1999), *order on clarification*, 90 FERC ¶ 61,128, *order on clarification*, 92 FERC ¶ 61,094 (2000) (Certificate Policy Statement).

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

12. As noted above, the threshold requirement for pipelines proposing new projects is that the pipeline must be prepared to financially support the project without relying on subsidization from its existing customers. The Commission has determined, in general, that when a pipeline proposes an incremental rate for service utilizing proposed expansion capacity that is higher than the generally applicable system rate, the pipeline satisfies the threshold requirement that the project will not be subsidized by existing customers.¹⁰ As noted above, Transco has proposed an incremental recourse rate to recover the costs of the project which is higher than its existing applicable system recourse rate. However, effective January 2018, the Tax Cuts and Jobs Act of 2017¹¹ changed several provisions of the federal tax code, including reducing the federal corporate income tax rate from 35 percent to 21 percent. As discussed further below, Transco's proposed rate does not reflect this reduction in tax rates and it appears that if the proposed incremental recourse rate were recalculated to reflect the new corporate tax rate, it would fall below the system recourse rate. In instances where a correctly calculated recourse rate would be less than the existing system rate, Commission policy requires that the system rate should be used as the initial recourse rate to ensure existing customers will not subsidize the new service.¹² Thus, we will require Transco to charge

¹⁰ See, e.g., *Dominion Transmission, Inc.*, 155 FERC ¶ 61,106, at P 15 (2016); *Transcontinental Gas Pipe Line Corp.*, 98 FERC ¶ 61,155, at 61,552 (2002).

¹¹ Pub. L. No. 115-97, 131 Stat. 2054.

¹² See, e.g., *Texas Gas Transmission, LLC*, 152 FERC ¶ 61,160, at P 30 (2015); *Millennium Pipeline Co., LLC*, 145 FERC ¶ 61,007, at P 30 (2013).

the generally applicable system rate as its initial recourse rate for the St. James Supply Project service.

13. We find that the proposed project will not adversely affect Transco's existing customers because the project will not degrade any existing service. We also find that there will be no adverse impact on other pipelines in the region or their captive customers because the purpose of the proposal is to serve the gas requirements of a new methanol manufacturing plant, not to displace loads on other systems. Further, none of Transco's existing customers and no other pipelines or their captive customers have filed adverse comments regarding Transco's proposal.

14. We further find that Transco's St. James Supply Project will have minimal impacts on landowners and surrounding communities. Transco states that construction at existing Compressor Stations 65 and 63 will be confined to the existing compressor station sites. Transco states that it expects to negotiate settlements with all affected landowners for all necessary easements and property rights. No affected landowners opposed the proposal. Further, while the construction activities will temporarily affect 85.9 acres of land, Transco will permanently maintain only 12.0 acres of land for the operation of project facilities.

15. The proposed St. James Supply Project will enable Transco to provide 161,500 Dth/day of incremental firm transportation service to YCI, which has executed a long-term, binding precedent agreement for all of the capacity created by the project to provide gas to a new methanol manufacturing plant. Based on the benefits the St. James Supply Project will provide, the lack of adverse impact on existing customers and other pipelines and their captive customers, and the minimal impacts on landowners and surrounding communities, the Commission finds that Transco's proposal satisfies the Certificate Policy Statement. Based on this finding and the environmental review, as discussed below, the Commission finds that the public convenience and necessity require approval and certification of Transco's proposal under section 7 of the NGA, subject to the environmental and other conditions in this order.

B. Rates

1. Initial Recourse Rates

16. Transco proposes an initial incremental daily recourse reservation charge of \$0.11233 per Dth¹³ and an incremental daily recourse commodity charge of \$0.00000 per

¹³ The currently effective system recourse reservation charge and commodity charge under Rate Schedule FT for Zone 3-3 is \$0.10706 per Dth and \$0.00268 per Dth, respectively. Transco's March 22, 2017 Data Response, Response No. 3.

Dth under its existing Rate Schedule FT for firm project service. The incremental reservation charge is based on an annual cost of service of \$6,621,508 and annual billing determinants of 58,947,500 Dth (161,500 Dth/day multiplied by 365 days). Transco utilized a pre-tax rate of return approved in its rate case settlement in Docket No. RP01-245-000,¹⁴ and its onshore transmission depreciation rate (including negative salvage) of 2.61 percent approved in its rate case settlement in Docket No. RP12-993-000.¹⁵

17. As noted above, Transco used a no longer-effective federal corporate income tax rate to calculate its proposed incremental recourse rate. Recalculating that rate to reflect the new 21 percent corporate tax rate (and the resultant lower cost of service) appears to yield an initial incremental recourse rate that would be lower than the existing system recourse rate. As stated above, where the existing system recourse rate is higher than the estimated incremental cost-based recourse rate, the Commission has found it appropriate to establish the existing system rate as the initial recourse rate.¹⁶ We therefore reject Transco's proposed incremental recourse rate and will require Transco to use the existing system recourse rate (reservation charge and commodity charge) under Rate Schedule FT for Zone 3-3 as the initial recourse rate for service using the St. James Supply Project. The Commission finds that use of the existing system recourse rate will protect Transco's captive customers from subsidizing the cost of the project. The Commission is not, however, making a predetermination that in a future general NGA section 4 rate case, rolled-in rate treatment will be appropriate for the costs of the St. James Supply Project. Rather, Transco will bear the burden of proving in its next rate case that whatever treatment it proposes will not result in subsidization of project costs by non-project shippers.

2. Fuel Retention and Electric Power Rates

18. Transco proposes to charge its generally applicable system fuel retention and electric power rates for services using the project's capacity.¹⁷ In support of its proposal

¹⁴ *Transcontinental Gas Pipe Line Corp.*, 100 FERC ¶ 61,085 (2002).

¹⁵ *Transcontinental Gas Pipe Line Co., LLC*, 145 FERC ¶ 61,205 (2013).

¹⁶ *See, e.g., Texas Gas Transmission*, 152 FERC ¶ 61,160 at P 30; *Millennium Pipeline*, 145 FERC ¶ 61,007 at P 30.

¹⁷ Transco's currently effective system fuel retention percentage is 0.31 percent. Transco's daily reservation electric power rate is \$0.00076 per Dth and daily commodity electric power rate is \$0.00140 per Dth for transportation within Zone 3.

to charge its generally applicable system fuel rate, Transco prepared a study showing the project's impact on fuel consumption (compressor fuel plus the fuel equivalent of electricity consumed).¹⁸ Transco's study shows a 70.65 percent reduction in system fuel use attributable to existing shippers. Based on the projected overall reductions in fuel and electric power usage, the Commission approves Transco's proposal to charge its generally applicable system fuel retention and electric power rates.

3. Negotiated Rates

19. Transco and YCI have agreed to negotiated rates. Transco must file either the negotiated rate agreements or tariff records setting forth the essential elements of the agreements in accordance with the Alternative Rate Policy Statement¹⁹ and the Commission's negotiated rate policies.²⁰ Such filing must be made at least 30 days, but not more than 60 days, before the proposed effective date for such rates.

20. Transco states that, pursuant to Commission policy, any non-conforming terms of service will be filed with the Commission prior to commencement of service.²¹

¹⁸ Transco's April 14, 2017 Data Response.

¹⁹ *Alternatives to Traditional Cost-of-Service Ratemaking for Natural Gas Pipelines; Regulation of Negotiated Transportation Services of Natural Gas Pipelines*, 74 FERC ¶ 61,076, order granting clarification, 74 FERC ¶ 61,194, reh'g and clarification denied, 75 FERC ¶ 61,024 (1996), reh'g denied, 75 FERC ¶ 61,066 (1996), petition for review denied sub nom. *Burlington Resources Oil & Gas Co. v. FERC*, 172 F.3d 918 (D.C. Cir. 1998) (Alternative Rate Policy Statement).

²⁰ *Natural Gas Pipelines Negotiated Rate Policies and Practices; Modification of Negotiated Rate Policy*, 104 FERC ¶ 61,134 (2003), order on reh'g and clarification, 114 FERC ¶ 61,042, reh'g dismissed and clarification denied, 114 FERC ¶ 61,304 (2006).

²¹ Pipelines are required to file any service agreement containing non-conforming provisions and to disclose and identify any transportation term or agreement in a precedent agreement that survives the execution of the service agreement. 18 C.F.R. § 154.112(b) (2017). See also, e.g., *Texas Eastern Transmission, LP*, 149 FERC ¶ 61,198, at P 33 (2014).

4. Reporting Incremental Costs

21. The Commission will require Transco to keep separate books and accounting of costs and revenues attributable to the proposed incremental services and capacity created by the project, in the same manner as required by section 154.309 of the Commission's regulations.²² The books should be maintained with applicable cross-references, as required by section 154.309. This information must be in sufficient detail so that the data can be identified in Statements G, I, and J in any future NGA section 4 or 5 rate case, and the information must be provided consistent with Order No. 710.²³

C. Environmental Analysis

22. On March 17, 2017, the Commission issued a Notice of Intent to Prepare an Environmental Assessment for the Proposed St. James Supply Project and Request for Comments on Environmental Issues (NOI). The NOI was published in the Federal Register²⁴ and mailed to affected landowners; federal, state, and local government agencies; elected officials; environmental and public interest groups; Native American tribes; other interested parties; and local libraries.

23. In response to the NOI, the Commission received comments from the Seminole Nation of Oklahoma, the Quapaw Tribe of Oklahoma, and the Choctaw Nation of Oklahoma. The Seminole Nation of Oklahoma stated that it is not aware of any historic resources that would be affected by the project, and that it would defer to the Chitimacha Tribe of Louisiana.²⁵ The Quapaw Tribe of Oklahoma stated that the project is outside of its current area of interest. The Choctaw Nation of Oklahoma requested to be a consulting party on the project, and to be provided with the mapping files for the project's area of potential effect and any completed cultural resource surveys.²⁶

²² 18 C.F.R. § 154.309 (2017).

²³ *Revisions to Forms, Statements, and Reporting Requirements for Natural Gas Pipelines*, Order No. 710, FERC Stats. & Regs. ¶ 31,267, at P 23 (2008).

²⁴ 82 Fed. Reg. 14,890 (2017).

²⁵ The Chitimacha Tribe of Louisiana previously indicated on April 11, 2016 that it has no concerns with the project. Transco's May 25, 2017 Data Response, Response No. 27 and Attachment 8.

²⁶ The Choctaw Nation of Oklahoma was provided the requested materials, and offered no further comments on the project.

24. To satisfy the requirements of the National Environmental Policy Act of 1969,²⁷ Commission staff prepared an Environmental Assessment (EA) for Transco's proposal. The analysis in the EA addresses geology, soils, water resources, wetlands, vegetation, fisheries, wildlife, threatened and endangered species, land use, visual resources, cultural resources, air quality, noise, safety, cumulative impacts, and alternatives. All substantive comments received in response to the NOI were addressed in the EA. The EA was placed into the public record on July 24, 2017.

25. Based on the analysis in the EA, we conclude that if constructed and operated in accordance with Transco's application and supplements, and in compliance with the environmental conditions in Appendix B to this order, our approval of this proposal would not constitute a major federal action significantly affecting the quality of the human environment.

26. Any state or local permits issued with respect to the jurisdictional facilities authorized herein must be consistent with the conditions of this certificate. The Commission encourages cooperation between interstate pipelines and local authorities. However, this does not mean that state and local agencies, through application of state or local laws, may prohibit or unreasonably delay the construction or operation of facilities approved by this Commission.²⁸

27. At a hearing held on January 18, 2018, the Commission on its own motion received and made a part of the record in this proceeding all evidence, including the applications and exhibits hereto, and all comments submitted, and upon consideration of the record,

The Commission orders:

(A) A certificate of public convenience and necessity is issued to Transco authorizing it to construct and operate the St. James Supply Project, as described and

²⁷ 42 U.S.C. §§ 4321-4370f (2012).

²⁸ See 15 U.S.C. § 717r(d) (state or federal agency's failure to act on a permit considered to be inconsistent with Federal law); see also *Schneidewind v. ANR Pipeline Co.*, 485 U.S. 293, 310 (1988) (state regulation that interferes with FERC's regulatory authority over the transportation of natural gas is preempted) and *Dominion Transmission, Inc. v. Summers*, 723 F.3d 238, 245 (D.C. Cir. 2013) (noting that state and local regulation is preempted by the NGA to the extent it conflicts with federal regulation, or would delay the construction and operation of facilities approved by the Commission).

conditioned herein, and as more fully described in the application.

(B) The certificate authority issued in Ordering Paragraph (A) is conditioned on:

- (1) Transco's completing the authorized construction of the proposed facilities and making them available for service within two years of the date of this order pursuant to section 157.20(b) of the Commission's regulations;
- (2) Transco's compliance with all applicable Commission regulations, including, but not limited to, Parts 154, 157, and 284, and paragraphs (a), (c), (e), and (f) of section 157.20 of the Commission's regulations; and
- (3) Transco's compliance with the environmental conditions in Appendix B to this order.

(C) Transco is required to charge its existing system recourse rate for firm transportation service using the project capacity, as more fully discussed above.

(D) Transco's proposal to charge its generally applicable system fuel retention and electric power rates for transportation on the project is approved.

(E) Transco shall keep separate books and accounting of costs attributable to the proposed incremental services, as more fully described above.

(F) Transco shall file a written statement affirming that it has executed firm contracts for the capacity levels and terms of service represented in signed precedent agreements, prior to commencing service.

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

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

Appendix A

Interventions

Anadarko Energy Services Company

Duke Energy Carolinas, LLC; Duke Energy Progress, LLC; and Duke Energy Florida, LLC (jointly)

EQT Energy, LLC

Exelon Corporation

Municipal Gas Authority of Georgia; and Transco Municipal Group (jointly)

National Grid Gas Delivery Companies

New Jersey Natural Gas Company

NJR Energy Services Company

Philadelphia Gas Works

Piedmont Natural Gas Company, Inc.

PSEG Energy Resources & Trade LLC

Range Resources – Appalachia, LLC

Appendix B

Environmental Conditions

As recommended in the Environmental Assessment (EA), this authorization includes the following conditions:

1. Transcontinental Gas Pipe Line Company, LLC (Transco) shall follow the construction procedures and mitigation measures described in its application and supplements (including responses to staff data requests) and as identified in the EA, unless modified by the Order. Transco must:
 - a. request any modification to these procedures, measures, or conditions in a filing with the Secretary of the Commission (Secretary);
 - b. justify each modification relative to site-specific conditions;
 - c. explain how that modification provides an equal or greater level of environmental protection than the original measure; and
 - d. receive approval in writing from the Director of the Office of Energy Projects (OEP) **before using that modification.**

2. The Director of OEP, or the Director's designee, has delegated authority to address any requests for approvals or authorizations necessary to carry out the conditions of the Order, and take whatever steps are necessary to ensure the protection of all environmental resources during construction and operation of the project. This authority shall allow:
 - a. the modification of conditions of the Order;
 - b. stop work authority; and
 - c. the imposition of any additional measures deemed necessary to ensure continued compliance with the intent of the conditions of the Order as well as the avoidance or mitigation of unforeseen adverse environmental impact resulting from project construction and operation.

3. **Prior to any construction**, Transco shall file an affirmative statement with the Secretary, certified by a senior company official, that all company personnel, environmental inspectors (EIs), and contractor personnel will be informed of the EI's authority and have been or will be trained on the implementation of the environmental mitigation measures appropriate to their jobs **before** becoming involved with construction and restoration activities.

4. The authorized facility location(s) shall be as shown in the EA, as supplemented by filed alignment sheets. **As soon as they are available, and before the start of construction**, Transco shall file with the Secretary any revised detailed survey alignment maps/sheets at a scale not smaller than 1:6,000 with station positions for all facilities approved by the Order. All requests for modifications of environmental conditions of the Order or site-specific clearances must be written and must reference locations designated on these alignment maps/sheets.

Transco's exercise of eminent domain authority granted under Natural Gas Act (NGA) section 7(h) in any condemnation proceedings related to the Order must be consistent with these authorized facilities and locations. Transco's right of eminent domain granted under NGA section 7(h) does not authorize it to increase the size of its natural gas pipelines/facilities to accommodate future needs or to acquire a right-of-way for a pipeline to transport a commodity other than natural gas.

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

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

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

- a. implementation of cultural resources mitigation measures;
- b. implementation of endangered, threatened, or special concern species mitigation measures;
- c. recommendations by state regulatory authorities; and

- d. agreements with individual landowners that affect other landowners or could affect sensitive environmental areas.
6. **Within 60 days of the acceptance of the authorization and before construction begins**, Transco shall file an Implementation Plan with the Secretary for review and written approval by the Director of OEP. Transco must file revisions to the plan as schedules change. The plan shall identify:
- a. how Transco will implement the construction procedures and mitigation measures described in its application and supplements (including responses to staff data requests), identified in the EA, and required by the Order;
 - b. how Transco will incorporate these requirements into the contract bid documents, construction contracts (especially penalty clauses and specifications), and construction drawings so that the mitigation required at each site is clear to onsite construction and inspection personnel;
 - c. the number of EIs assigned (per spread), and how the company will ensure that sufficient personnel are available to implement the environmental mitigation;
 - d. company personnel, including EIs and contractors, who will receive copies of the appropriate material;
 - e. the location and dates of the environmental compliance training and instructions Transco will give to all personnel involved with construction and restoration (initial and refresher training as the project progresses and personnel change);
 - f. the company personnel (if known) and specific portion of Transco's organization having responsibility for compliance;
 - g. the procedures (including use of contract penalties) Transco will follow if noncompliance occurs; and
 - h. for each discrete facility, a Gantt or PERT chart (or similar project scheduling diagram), and dates for:
 - (1) the completion of all required surveys and reports;
 - (2) the environmental compliance training of onsite personnel;
 - (3) the start of construction; and
 - (4) the start and completion of restoration.
7. Transco shall employ at least one EI per construction spread. The EI(s) shall be:
- a. responsible for monitoring and ensuring compliance with all mitigation measures required by the Order and other grants, permits, certificates, or other authorizing documents;
 - b. responsible for evaluating the construction contractor's implementation of

- the environmental mitigation measures required in the contract (see condition 6 above) and any other authorizing document;
- c. empowered to order correction of acts that violate the environmental conditions of the Order, and any other authorizing document;
 - d. a full-time position, separate from all other activity inspectors;
 - e. responsible for documenting compliance with the environmental conditions of the Order, as well as any environmental conditions/permit requirements imposed by other federal, state, or local agencies; and
 - f. responsible for maintaining status reports.
8. Beginning with the filing of its Implementation Plan, Transco shall file updated status reports with the Secretary on a **biweekly** basis until all construction and restoration activities are complete. On request, these status reports will also be provided to other federal and state agencies with permitting responsibilities. Status reports shall include:
- a. an update on Transco's efforts to obtain the necessary federal authorizations;
 - b. the construction status of the project/each spread, work planned for the following reporting period, and any schedule changes for stream crossings or work in other environmentally-sensitive areas;
 - c. a listing of all problems encountered and each instance of noncompliance observed by the EI(s) during the reporting period (both for the conditions imposed by the Commission and any environmental conditions/permit requirements imposed by other federal, state, or local agencies);
 - d. a description of the corrective actions implemented in response to all instances of noncompliance, and their cost;
 - e. the effectiveness of all corrective actions implemented;
 - f. a description of any landowner/resident complaints which may relate to compliance with the requirements of the Order, and the measures taken to satisfy their concerns; and
 - g. copies of any correspondence received by Transco from other federal, state, or local permitting agencies concerning instances of noncompliance, and Transco's response.
9. Transco must receive written authorization from the Director of OEP **before commencing construction of any project facilities**. To obtain such authorization, Transco must file with the Secretary documentation that it has received all applicable authorizations required under federal law (or evidence of waiver thereof).

10. Transco must receive written authorization from the Director of OEP **before placing the project into service**. Such authorization will only be granted following a determination that rehabilitation and restoration of the right-of-way and other areas affected by the project are proceeding satisfactorily.
11. **Within 30 days of placing the authorized facilities in service**, Transco shall file an affirmative statement with the Secretary, certified by a senior company official:
 - a. that the facilities have been constructed and installed in compliance with all applicable conditions, and that continuing activities will be consistent with all applicable conditions; or
 - b. identifying which of the conditions in the Order Transco has complied with or will comply with. This statement shall also identify any areas affected by the project where compliance measures were not properly implemented, if not previously identified in filed status reports, and the reason for noncompliance.

Document Content(s)

CP17-58-000.DOCX.....1-16