

130 FERC ¶ 61,015
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer and Philip D. Moeller.

Gulf South Pipeline Company, LP

Docket No. CP09-420-000

ORDER ISSUING CERTIFICATE

(Issued January 6, 2010)

1. On May 22, 2009, Gulf South Pipeline Company, LP (Gulf South) filed an application under section 7(c) of the Natural Gas Act (NGA) and Part 157 of the Commission's regulations for a certificate of public convenience and necessity authorizing it to construct and operate three compressor units and yard and station piping, including appurtenant facilities, at its existing Hall Summit and Tallulah Compressor Stations in northern Louisiana.
2. For the reasons discussed below, the Commission will grant the requested certificate authority as modified and conditioned in this order.

Background

3. Gulf South is a limited partnership formed under the laws of Delaware. Gulf South has existing pipeline facilities and is subject to the Commission's jurisdiction as a natural gas company within the meaning of NGA section 2(6). Gulf South is engaged in the business of transporting natural gas in Texas, Louisiana, Mississippi, Alabama, and Florida.
4. In June 2007, the Commission authorized Gulf South, among other things, to construct and operate approximately 242 miles of 36- and 42-inch diameter pipeline to connect its pipeline facilities in DeSoto Parrish, Louisiana to its mainline terminus near Harrisville, Mississippi (the East Texas to Mississippi Project).¹ The facilities were designed to transport natural gas from the Barnett Shale and Bossier Sands in east Texas to various interstate pipelines and to Gulf South's mainline at its terminus near

¹ *Gulf South Pipeline Co., LP*, 119 FERC ¶ 61,281 (2007).

Harrisville. Gulf South estimated that the project facilities would provide a maximum receipt capacity of 1,706 Bcf per day at Carthage Junction, Texas, inclusive of fuel, and of 1,682 Bcf per day downstream of the Tallulah Compressor Station in Madison Parish, Louisiana. In April 2008, the Commission authorized Gulf South to implement facility enhancements that increased the capacity of the project facilities from the Tallulah Compressor Station to Harrisville to 2,999 Bcf per day.²

After one year of operation of the East Texas to Mississippi facilities, Gulf South filed an application stating that it had developed data to refine the design parameters used to estimate the flow capacity of the East Texas to Mississippi facilities. After analyzing the data, the Acting Director, Division of Pipeline Certificates, determined that the capacity of the project facilities at Carthage would be 1,475 Bcf per day and downstream of the Tallulah Compressor Station would be 2,638 Bcf per day.³

Proposals

5. Gulf South proposes to add three compressor units at two existing compressor stations that will increase the capacity of the East Texas to Mississippi facilities by approximately 556,000 dekatherms (Dth) per day operating at 80 percent of its specified minimum yield strength.⁴ Specifically, Gulf South proposes to construct and operate: (1) a 14,355 horsepower (hp) Solar Mars 100 compressor unit and a 17,558 hp Solar Titan 130 compressor unit at its Hall Summit Compressor Station in northwest Louisiana; (2) a 17,558 hp Solar Titan 130 compressor unit at its Tallulah Compressor Station in northeast Louisiana; (3) 36-inch diameter suction piping and 36-inch diameter discharge piping between the compressor buildings at each compressor station and the East Texas to Mississippi facilities; and (4) other appurtenant facilities, such as buildings and gas cooling equipment. Gulf South also requests authority to modify the existing facilities at Tallulah by re-wheeling the three existing compressors and replacing several valves within the existing yard and station piping with valves that can accept higher discharge temperatures. The proposals are designed to increase the capacity of the East Texas to Mississippi facilities from receipt points to be constructed between the Texas-Louisiana

² *Gulf South Pipeline Co., LP*, 123 FERC ¶ 61,100 (2008).

³ *Gulf South Pipeline Co., LP*, 128 FERC ¶ 62,174 (2009). No existing customers were harmed by this reduction because Gulf South did not execute firm transportation agreements for any of that capacity.

⁴ Gulf South states that it has received a special permit from the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration that authorizes Gulf South to operate a portion of the East Texas to Mississippi facilities at 80 percent of the pipeline's specified minimum yield strength.

border and the Hall Summit Compressor Station near Keatchie, in northwestern Louisiana,⁵ to delivery points at the Perryville Hub in northeastern Louisiana, which is just west of the Tallulah Compressor Station. Gulf South estimates that the cost of constructing the facilities will be approximately \$161,227,000.

6. Gulf South proposes incremental firm and interruptible transportation rates for services using the proposed facilities. Gulf South states that its proposed incremental recourse rates, calculated on a 100 percent load factor basis, are \$0.1777 per Dth, based on a first year cost of service of \$36,069,000 that incorporates the capital structure, rate of return, and depreciation rate established in Gulf South's last rate case.

7. Gulf South held two open seasons -- one from September 10 through October 6, 2008 and another in January 2009. As a result, Gulf South entered into one precedent agreement with Petrohawk Energy Corporation to transport up to 100,000 Dth per day for 15 years, two precedent agreements with Questar Exploration and Production Company to transport up to 100,000 Dth per day for 10 years under one agreement and 50,000 Dth per day for 10 years under another agreement, and with EnCana Marketing (USA) Inc. to transport up to 150,000 Dth per day for 10 years. All of the precedent agreements call for negotiated rates.

8. Gulf South states that its proposals are designed to increase access to the Haynesville Shale in northwest Louisiana. Gulf South contends that Haynesville Shale production will soon exceed the capacity of existing pipelines in the area. Gulf South asserts that the binding precedent agreements here demonstrate the need for additional pipeline infrastructure to transport Haynesville Shale supplies. Gulf South points out that its proposals will also provide facilities needed to move gas from constrained areas, create new market alternatives, and enhance customer options on other connected interstate pipelines.

Interventions

9. Notice of Gulf South's application was published in the *Federal Register* on June 15, 2009 (74 FR 28231). Chevron USA Inc., United Municipal Distributors Group,⁶ the City of Vicksburg, Mobile Gas Service Corporation, and Wilmut Gas

⁵ Gulf South states that the receipt points will be constructed under its blanket certificate when the locations are specifically defined by the producer's needs.

⁶ The Municipal Distributors Group consists of the following customers of Gulf South: Utilities Board of the City of Atmore, Alabama; City of Brewton, Alabama; Town of Century, Florida; Utilities Board of the Town of Citronelle, Alabama; City of Fairhope, Alabama; Utilities Board of the City of Foley, Alabama; North Baldwin Utilities, Alabama; Okaloosa Gas District, Florida; City of Pascagoula, Mississippi; City

Company filed timely, unopposed motions to intervene, and Elizabethtown Gas Company and Virginia Natural Gas, Inc. filed a timely, unopposed joint motion to intervene.⁷ No protests were filed.

Discussion

10. Since Gulf South proposes to construct and operate facilities used for the transportation of natural gas in interstate commerce, Gulf South's proposal is subject to the Commission's jurisdiction and the requirements of subsections (c) and (e) of section 7 of the NGA.

A. Application of the Certificate Policy Statement

11. The Certificate Policy Statement provides guidance as to how we will evaluate proposals for certificating new construction.⁸ The Certificate Policy Statement established criteria for determining whether there is a need for a proposed project and whether the proposed project will serve the public interest. The Certificate Policy Statement 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.

12. Under this policy, 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 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, pipelines in the market and their customers, or landowners and communities affected by the route of the new pipeline. 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

of Pensacola, Florida; and South Alabama Gas District, Alabama.

⁷ Timely, unopposed motions to intervene are granted by operation of Rule 214 of the Commission's Rules of Practice and Procedure. 18 CFR § 385.214 (2009).

⁸ *Certification of New Interstate Natural Gas Pipeline Facilities*, 88 FERC ¶ 61,277 (1999), *order on clarification*, 90 FERC ¶ 61,128 (2000); *order on clarification*, 92 FERC ¶ 61,094 (2000) (Certificate Policy Statement).

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 complete the environmental analysis where other interests are considered.

13. Gulf South's proposal to charge an incremental rate for service on the proposed facilities meets the threshold requirement that existing shippers not subsidize the expansion facilities. The Commission has previously determined that where a pipeline proposes to charge an incremental rate for new construction, the pipeline satisfies the threshold requirement that the project will not be subsidized by existing shippers.⁹ Thus, the Commission finds that Gulf South's proposal satisfies the threshold requirement of the Certificate Policy Statement.

14. The proposed facilities have been designed to transport increased natural gas production from the Haynesville Shale to meet growing demand for new domestic gas supplies. Therefore, Gulf South's proposal will not replace any firm transportation service on any other existing pipeline and will not adversely impact other pipelines or their customers. Further, Gulf South owns the property at the Hall Summit and Tallulah Compressor Stations where the construction will take place, obviating the need to use condemnation proceedings to acquire property or right-of-way for the project. No landowners have protested or filed comments concerning Gulf South's proposal. Thus, based on the benefits the project will provide and the minimal adverse effect on other pipelines and their captive customers and landowners and surrounding communities, the Commission finds, consistent with the Certificate Policy Statement and section 7 of the NGA, that the public convenience and necessity requires approval of Gulf South's proposals, subject to the conditions discussed below.

B. Rates

1. Incremental Rates

15. The Commission has reviewed the proposed cost of service, proposed initial incremental recourse rates, and the associated *pro forma* tariff sheet reflecting the stated rates for the Haynesville/Perryville Expansion Project. In accordance with Commission policy, Gulf South has calculated its proposed incremental rate using the depreciation rate of 2.1 percent and a return of 10.4 percent based on Gulf South's most recent rate case.¹⁰

⁹ See e.g., *Transcontinental Gas Pipe Line Corp.*, 98 FERC ¶ 61,155 (2002).

¹⁰ See *Koch Gateway Pipeline Co.*, 84 FERC ¶ 61,143 (1998); Koch Gateway Pipeline Company, "Offer of Settlement and Stipulation and Agreement," RP97-373-012, Appendix C, March 30, 1998.

Further, the rates are designed using the straight fixed-variable method, consistent with Commission policy.¹¹

16. Gulf South is proposing an incremental recourse rate for the proposed facilities, which are located solely within Gulf South's Zone 2 boundaries. The generally applicable 100 percent load factor firm transportation rate for transportation within Zone 2 is \$0.1440 per Dth¹² compared to the proposed incremental rate of \$0.1777 per Dth. Under the Certificate Policy Statement, there is a presumption for incremental rates, if the incremental rate is in excess of the maximum system-wide rate.¹³ Therefore, in accordance with Commission policy, the Commission will authorize Gulf South to charge an incremental rate as an initial rate for service on the expansion facilities.

2. Incremental Rate Plus System Rate

17. Gulf South contends that although the Haynesville/Perryville Expansion will create new capacity through the addition of compression, the short-haul nature of the new facilities, and their limited utility for existing customers make the expansion functionally more like a supply lateral than a typical mainline expansion. For example, Gulf South states that the only possible access to the expansion facilities will be from receipt points in Louisiana on the west end of the expansion and upstream of the Hall Summit Compressor Station. Moreover, Gulf South contends that the additional compression is designed to meet requirements of the precedent agreements and increase capacity on Gulf South's East Texas to Mississippi facilities only as far as the Perryville Hub. Gulf South states that only those shippers seeking access to the production in the Haynesville Shale off of this specific set of facilities will utilize the Haynesville/Perryville Expansion and, as a result, Gulf South's existing customers will have little or no use for the expansion.

18. For this reason, Gulf South proposes to charge customers who use the Haynesville/Perryville expansion facilities and its existing facilities the incremental rate for service on the expansion facilities, plus the generally applicable system rates for service provided

¹¹ See, e.g., *Texas Gas Transmission, LLC*, 123 FERC ¶ 61,118, at P 22 (2008).

¹² Gulf South Pipeline Company, LP, Sixteenth Revised Sheet No. 20, FERC Gas Tariff, Sixth Revised Volume No. 1.

¹³ *Certification of New Interstate Natural Gas Pipeline Facilities*, 88 FERC ¶ 61,227, at 61,745 (1999).

on the existing system.¹⁴ Gulf South contends that charging customers the incremental transportation rate plus the system rate if they utilize the Haynesville/Perryville Expansion and the existing system ensures that all customers pay for only the facilities they use and are not subsidizing or being subsidized by other customers. Gulf South states it is also consistent with the approach the Commission has adopted in other cases of incremental facilities designed to serve a discrete market or supply.¹⁵

19. The Certificate Policy Statement continues the Commission's long-standing policy of pricing non-integrated, stand-alone projects or projects involving laterals that serve a single or limited number of customers at separate incremental rates based on the cost of the facilities. In these situations, the rate is additive to the system rate and the rate can either be lower or higher than the system rate. Transportation on the incrementally priced facilities is limited to those facilities, i.e., the policy on flexible receipt and delivery points to access other portions of the pipeline's system does not apply without an additional charge.¹⁶

20. The Haynesville/Perryville Expansion, however, is not a stand-alone system but will be integrated with, and operated as part of, Gulf South's existing system. As filed, the Haynesville/Perryville Expansion consists of three new compressor units located at two existing Gulf South compressor stations that will increase the capacity of Gulf South's existing East Texas to Mississippi facilities. The expansion will add no new pipeline facilities and, according to Gulf South's October 19, 2009 Data Response, gas must flow through approximately 149 miles of the existing East Texas to Mississippi facilities when transported from the westernmost receipt point near Keatchie, Louisiana to delivery points at the Perryville Hub.¹⁷ Therefore, Haynesville/Perryville Expansion volumes are dependent on Gulf South's existing system in order to flow.

¹⁴ For example, a customer who has a receipt point on the expansion facilities and delivers gas to the Henry Hub via delivery to the existing Gulf South system near Vixen, Louisiana, could be charged the proposed incremental transportation rate, plus the maximum applicable Zone 2 to Zone 2 rate on the existing system.

¹⁵ See, e.g., *Wyoming Interstate Company, Ltd.*, 119 FERC ¶ 61,251 (2007) (*WIC*); *East Tennessee Natural Gas, LLC*, 114 FERC ¶ 61,122 (2006) (*East Tennessee*).

¹⁶ See *WIC*, 119 FERC ¶ 61,252, at P 20 (2007) (approving separate incremental rates that will be applicable to shippers that utilize the Kanda lateral facilities on a secondary basis).

¹⁷ Gulf South's October 19, 2009 data response at 2.

21. Gulf South cites two cases – *WIC* and *East Tennessee* -- where it contends that the Commission allowed pipelines to charge an incremental rate in addition to their system rate when an existing shipper utilizes the new pipeline facilities or an expansion shipper utilizes a point on the existing system. However, in both *WIC* and *East Tennessee*, the pipeline was constructing a new lateral pipeline facility that was extending the geographical reach of the pipeline system and shippers contracted for capacity with primary receipt and delivery points on the lateral pipeline separately from transportation service received on the mainline.¹⁸ Here, shippers will transport gas from receipt points that will be constructed under Gulf South’s blanket certificate to delivery points on the existing system and will not be separately contracting for lateral service. Although Gulf South’s expansion is designed to transport new production from the Haynesville Shale, the expansion facilities add new mainline transmission capacity to its existing system.¹⁹ In order for the Haynesville/Perryville Expansion volumes to be transported to Perryville, shippers must utilize Gulf South’s existing East Texas to Mississippi pipeline facilities.

22. For these reasons, the Commission concludes that Gulf South’s proposal to charge customers the incremental transportation rate plus the system rate if they use the Haynesville/Perryville Expansion and the existing East Texas to Mississippi facilities is inappropriate on an expansion that will be integrated and operated as part of Gulf South’s existing pipeline system. Existing shippers with primary rights in Zone 2 that transport gas that is compressed by any of the three new compressor units should not be charged the incremental rate in addition to the current rate they are paying, and Haynesville/Perryville Expansion shippers that utilize additional points within Zone 2 on a secondary basis should not be required to pay the existing Zone 2 rate in addition to the incremental rate they are paying to use those points on a secondary basis.²⁰

3. Interruptible Rate and System Fuel Rate

23. Gulf South proposes to charge its Zone 2 interruptible rate for service on the expansion. Since Gulf South will construct the expansion facilities onto the existing system and operate the facilities on an integrated basis, a particular shipper's usage of capacity is not distinguishably assignable to either the original system design capacity or

¹⁸ WIC constructed 123 miles of 24-inch diameter pipeline and East Tennessee constructed a 32-mile, 20-inch diameter pipeline.

¹⁹ Gulf South’s October 19, 2009 data response states that in a less than full utilization scenario, Gulf South will operate all compressor units in a manner that is most operationally efficient and that the new compression will not be used solely to transport new supply from this expansion.

²⁰ See, e.g., *Dominion Transmission, Inc.*, 129 FERC ¶ 61,012 (2009).

the expansion capacity on an operational basis. Consistent with *Kern River Gas Transmission Co.*,²¹ the Commission concludes that Gulf South's proposal to charge the current system-wide rate for any interruptible service rendered on the additional capacity made available as a result of the expansion is appropriate.

24. In addition, Gulf South proposes to use its system fuel rate of 1.6 percent for services on the proposed expansion capacity and does not propose to require shippers to pay the fuel rate more than once if they are using both expansion and existing facilities. As discussed above, the Commission has found the Haynesville/Perryville Expansion Project will be an integrated part of the Gulf South system. Thus, Gulf South's use of its currently-effective system fuel rate is appropriate.

4. Pro Forma Tariff Sheet

25. Gulf South's proposed incremental rate is stated on pro forma Original Sheet No. 24C. The tariff sheet states "Transportation Customers that contract for capacity provided by the Haynesville/Perryville Expansion facilities via receipt points between the Louisiana state line and to and including the Hall Summit Compressor Station to delivery points at or near the Perryville Hub shall be charged an incremental rate as set forth below." This description is overly broad and it is not clear that all points in that description are part of the Haynesville/Perryville Expansion.²² Therefore, the Commission will require Gulf South to revise the tariff sheet to more clearly indicate that the incremental rate applies to those shippers signing up for capacity on the Haynesville/Perryville Expansion as approved in this docket.

26. The Commission's regulations require pipelines to account separately for the construction costs of incrementally priced expansion capacity and to compare actual to projected costs in their NGA section 4 general rate proceedings.²³ The Commission will require Gulf South to do so here. This accounting will protect existing shippers from cost overruns and from subsidization that might result from under collection of the project's incremental cost of service, as well as help the Commission and parties to the rate

²¹ 117 FERC ¶ 61,077, at P 313-14, 326 (2006).

²² In its October 19, 2009 data response, Gulf South states that one primary receipt point exists between the Louisiana state line and to and including the Hall Summit Compressor Station on the East Texas to Mississippi Facilities. In addition, as noted above, Gulf South plans to construct receipt points using Gulf South's blanket construction certificate when the locations are specifically defined by the producer's needs.

²³ 18 C.F.R. § 154.309 (2009).

proceedings determine the costs of the project. Such an accounting will allow the Commission to identify any material changes in circumstances that would warrant a re-examination of the rate treatment approved in the certificate proceeding in which the expansion project was approved.

C. Environment

27. On July 10, 2009, the Commission issued a *Notice of Intent to Prepare an Environmental Assessment* (NOI). The NOI was mailed to interested parties including federal, state, and local officials; agency representatives; environmental and public interest groups; Native American tribes; local libraries and newspapers; and affected property owners.

28. We received comments in response to the NOI from the United States Fish and Wildlife Service (FWS) and the Louisiana Department of Wildlife and Fisheries (LDWF). The FWS stated that it did not expect Gulf South's proposal to result in any impacts on FWS trust resources and therefore did not have any comments on the project. The LDWF raised concerns about potential impacts on forested areas adjacent to the existing Tallulah Compressor Station, wetlands, and the Louisiana black bear and associated habitat.

29. To satisfy the requirements of the National Environmental Policy Act of 1969, our staff prepared an environmental assessment (EA) for Gulf South's proposal. The EA was placed into the public record on November 18, 2009. The analysis in the EA addresses geology, soils, water resources, wetlands, vegetation, fisheries, wildlife, threatened and endangered species, land use, recreation, visual resources, cultural resources, air quality, noise, safety, and alternatives.

30. The EA addressed the LDWF's comments in response to the NOI, stating that impacts to wildlife and associated habitat would be minimal because vegetation cover and forage habitats affected by the project are relatively abundant in areas adjacent to Gulf South's proposed facility sites, and the land acreage affected by the proposed facilities is relatively small compared to these adjacent areas. None of the habitat types that black bears utilize - forested wetlands, marsh, spoil banks, and upland forest - would be impacted, as the project would be constructed on agricultural lands, and open and industrial lands that contain a mixture of grasses and forbs. Additionally, no other wetland types would be impacted by the proposed project.

31. Based on the discussion in the EA, the Commission concludes that if constructed and operated in accordance with Gulf South's application and supplements, and in compliance with the environmental conditions in the Appendix to this order, approval of this proposal would not constitute a major federal action significantly affecting the quality of the human environment.

32. 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, operation and replacement of facilities approved by this Commission.²⁴

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

D. Conclusion

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

The Commission orders:

(A) A certificate of public convenience and necessity is issued to Gulf South authorizing it to construct and operate natural gas facilities, as described and conditioned herein, and as more fully described in the application.

(B) The certificate authority issued in Ordering Paragraph (A) is conditioned, as discussed in this order, and on the following:

- (1) Gulf South completing the authorized construction within one year of this order;
- (2) Gulf South complying with paragraphs (a), (c), (e), and (f) of section 157.20 of the Commission's regulations; and
- (3) Gulf South's compliance with the environmental conditions listed in the appendix to this order.

²⁴ See, e.g., *Schneidewind v. ANR Pipeline Co.*, 485 U.S. 293 (1988); *National Fuel Gas Supply v. Public Service Commission*, 894 F.2d 571 (2d Cir. 1990); and *Iroquois Gas Transmission System, L.P. et al.*, 52 FERC ¶ 61,091 (1990) and 59 FERC ¶ 61,094 (1992).

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

(D) Gulf South shall execute firm contracts equal to the levels of service and terms of service represented in its precedent agreements prior to the commencement of construction.

(E) Gulf South's proposed initial incremental recourse rates for the Haynesville/Perryville Expansion are approved.

(F) Gulf South's proposal to charge customers who use the Haynesville/Perryville Expansion facilities and its existing facilities the incremental rate for service on the expansion facilities, plus the generally applicable system rates for service provided on the existing system is denied.

(G) Gulf South shall file, not less than 30 nor more than 60 days prior to the effective date, an actual tariff sheet consistent with this order placing the incremental rates approved herein into effect.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

Appendix

As recommended in the EA, this authorization includes the following condition(s):

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

5. **Within 60 days of the acceptance of the certificate and before construction** begins, Gulf South shall file an Implementation Plan with the Secretary for review and written approval by the Director of OEP. Gulf South must file revisions to the plan as schedules change. The plan shall identify:
 - a. how Gulf South 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 Gulf South 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 environmental inspectors assigned per spread, and how the company will ensure that sufficient personnel are available to implement the environmental mitigation;
 - d. company personnel, including environmental inspectors and contractors, who will receive copies of the appropriate material;
 - e. the location and dates of the environmental compliance training and instructions Gulf South 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 Gulf South's organization having responsibility for compliance;
 - g. the procedures (including use of contract penalties) Gulf South will follow if noncompliance occurs; and
 - h. for each discrete facility, a Gantt or PERT chart (or similar project scheduling diagram), and dates for:
 - i. the completion of all required surveys and reports;
 - ii. the environmental compliance training of onsite personnel;
 - iii. the start of construction; and
 - iv. the start and completion of restoration.
6. Beginning with the filing of its Implementation Plan, Gulf South shall file updated status reports with the Secretary on a monthly 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 Gulf South's efforts to obtain the necessary federal authorizations;

- b. the construction status of the Project, 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 environmental inspector(s) during the reporting period (both for the conditions imposed by the Commission and any environmental conditions/permit requirements imposed by other federal, state, or local agencies);
 - 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 Gulf South from other federal, state, or local permitting agencies concerning instances of noncompliance, and Gulf South's response.
7. Gulf South must receive written authorization from the Director of OEP **before placing into service** each of the modified compressor stations. Such authorization will only be granted following a determination that rehabilitation and restoration of the areas affected by the Project are proceeding satisfactorily.
8. **Within 30 days of placing the certificated facilities in service**, Gulf South shall file an affirmative statement with the Secretary, certified by a senior company official:
 - a. that the facilities have been constructed in compliance with all applicable conditions, and that continuing activities will be consistent with all applicable conditions; or
 - b. identifying which of the certificate conditions Gulf South 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.
9. Gulf South shall file noise surveys with the Secretary **no later than 60 days** after putting the modifications at the Hall Summit and Tallulah Compressor Stations into service. If the noise attributable to the operation of the Hall Summit and/or Tallulah Compressor Station(s) at full load exceeds an L_{dn} of 55 dBA at any nearby noise-sensitive areas, Gulf South shall install additional noise controls to meet that level **within one year** of the in-service date. Gulf South shall confirm compliance with the L_{dn} of 55 dBA requirement by filing a second noise survey

with the Secretary **no later than 60 days** after it installs the additional noise controls.