

131 FERC ¶ 61,229  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

Tennessee Gas Pipeline Company

Docket No. CP10-110-000

ORDER APPROVING ABANDONMENT

(Issued June 10, 2010)

1. On March 30, 2010, Tennessee Gas Pipeline Company (Tennessee) filed an application under section 7(b) of the Natural Gas Act (NGA) requesting authorization to abandon an inactive pipeline segment and meter located in federal waters offshore Louisiana. The Commission will authorize Tennessee's abandonment proposal, as discussed below.

**I. Background and Proposal**

2. In 2005, the Commission authorized Tennessee to construct and operate the Triple T Extension pipeline<sup>1</sup> which consists of a 24-inch diameter pipeline that extends approximately 6.23 miles from a production platform owned by W & T Offshore Inc. (W&T) in Eugene Island Block 371, offshore Louisiana, to a downstream subsea connection with Tennessee's 30-inch diameter Line No. 523M-2300 in Eugene Island Block 349. The Triple T Extension was placed in service in September 2007. After service commenced, Tennessee took deliveries of gas at the W&T platform from a gathering system that interconnects to Kerr-McGee's Constitution well located in Green Canyon Block 680.

3. Tennessee proposed to roll the costs of the Triple T Extension into its existing rates in its next general rate proceeding.<sup>2</sup> The 2005 Order authorized Tennessee to charge its generally applicable Part 284 transportation rates for services using the new facilities, but denied Tennessee's request for preapproval to roll in the facility costs associated with the Triple T Extension.

---

<sup>1</sup> *Tennessee Gas Pipeline Company*, 113 FERC ¶ 61,270 (2005) (2005 Order).

<sup>2</sup> The Triple T Extension cost an estimated \$22 million and the associated annual cost of service was \$1.6 million.

4. In September 2008, Hurricane Ike “toppled” W&T’s platform. Since that time, Tennessee has not provided transportation service through the pipeline facilities proposed to be abandoned. Accordingly, Tennessee proposes to abandon in place the Triple T Extension pipeline, associated Meter No. 01-2744, and appurtenances located on W&T’s platform. Tennessee will disconnect the line approximately 150 feet downstream of the base of the riser on the W & T platform and at the 30-inch diameter subsea tie-in assembly. Approximately 60 feet of pipe will be removed to disconnect the 24-inch diameter line from the downstream 30-inch diameter segment of Line No. 523M-2300. The abandoned pipeline segment will be cut and plugged at both ends and filled with seawater.<sup>3</sup>

## **II. Interventions**

5. Notice of Tennessee’s application was published in the *Federal Register* on April 9, 2010 (75 Fed. Reg. 18,190). National Fuel Gas Distribution Corporation and National Grid Companies (National Grid) filed timely unopposed motions to intervene. Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc., filed a timely, joint unopposed motion to intervene. Timely, unopposed motions to intervene are granted by operation of Rule 214 of the Commission’s Rules of Practice and Procedure.

6. National Grid’s motion to intervene included a request for a condition that Tennessee should not be permitted to recover from current or future customers the costs of the abandoned facilities either as stranded costs or through the recovery of a reserve for accumulated depreciation. On April 27, 2010, Tennessee filed an answer to National Grid, asserting that the requested condition is unnecessary and inconsistent with the 2005 Order certificating the facilities.

## **III. Discussion**

7. Since the facilities Tennessee proposes to abandon are used to transport natural gas in interstate commerce, the proposal is subject to the jurisdiction of the Commission and the requirements of NGA section 7(b).

8. The Triple T Extension pipeline has been out of service since September 2008, when Hurricane Ike toppled the platform. Currently, Tennessee provides no transportation services using the facilities proposed to be abandoned. No firm Tennessee

---

<sup>3</sup> Tennessee states that the proposed abandonment requires Minerals Management Service (MMS) approval for decommissioning the pipeline and relinquishing the right-of-way. Tennessee states that it will not proceed with abandonment or decommissioning activities until the MMS authorization is received.

contracts are tied to the receipt meter located at the platform connected to the Triple T Extension. The proposed abandonment will have no adverse impact on current shippers or Tennessee's mainline system. Abandonment will avoid costs associated with repairing an offshore pipeline and ongoing maintenance costs. In view of these considerations, the Commission finds that Tennessee's abandonment proposal is permitted by the public convenience or necessity.

9. In denying pre-approval of rolled-in rate treatment, the 2005 Order stated that “[o]ur finding here does not preclude Tennessee demonstrating *in a rate case* that the facility costs can be rolled into system-wide rates without subsidization by existing customers.”<sup>4</sup> The 2005 Order further stated that “[h]owever, Tennessee will bear the burden of proof of demonstrating that rolled-in rate treatment is justified.”<sup>5</sup> National Grid asks the Commission to impose a condition that denies Tennessee's recovery of the unrecovered costs, e.g., accumulated depreciation, of the abandoned facilities from existing or future customers. Pursuant to the 2005 Order, if Tennessee wishes to recover the costs associated with the facilities to be abandoned through system-wide rates, Tennessee bears the burden of proof in its rate proceeding to justify such a proposal. Therefore, the Commission finds no need to impose the requested condition in this abandonment proceeding. Accordingly, the requested condition is denied.

10. Since the facilities proposed to be abandoned are located in federal offshore waters or on an existing offshore platform, the proposal qualifies under 18 C.F.R. § 380.4(a) (33) and (34) of the regulations as a categorical exclusion for environmental review purposes.

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

The Commission orders:

(A) Tennessee is granted permission and approval under NGA section 7(b) to abandon the Triple T Extension pipeline, meter, and appurtenant facilities, as described in this order and in Tennessee's application.

---

<sup>4</sup> 2005 Order at P 17 (emphasis added).

<sup>5</sup> *Id.*

(B) Tennessee shall notify the Commission of the effective date of abandonment within 10 days thereof.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.