

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
Philip D. Moeller, and Jon Wellinghoff.

Trunkline Gas Company, LLC

Docket No. CP06-452-000

ORDER ISSUING CERTIFICATE AND GRANTING ABANDONMENT  
AUTHORITY

(Issued April 23, 2007)

1. On September 11, 2006, in Docket No. CP06-452-000, Trunkline Gas Company, LLC (Trunkline) filed an application under section 7 of the Natural Gas Act (NGA)<sup>1</sup> and Part 157 of the Commission's regulations. Trunkline requests authorization to (1) construct, install, and operate pipeline facilities in Texas and Louisiana and install relocated and new compression and appurtenant facilities, and (2) abandon compression facilities. The facilities proposed herein constitute the Trunkline Field Zone Expansion Project. In this order, for the reasons discussed below, the Commission finds that the proposed expansion project and abandonment are required and permitted by the public convenience and necessity, and therefore grants the requested authorizations, subject to the conditions set forth herein.

**I. Background and Proposal**

2. Traditionally, Trunkline has transported gas south to north, bringing gas produced from fields along the Gulf Coast to gas consumers in Tennessee, Illinois, Indiana, and Michigan. Trunkline states that the market for transportation service has changed, creating the need for expanded delivery infrastructure to move gas west to east.<sup>2</sup> To

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<sup>1</sup> 15 U.S.C. § 717f (2005).

<sup>2</sup> Trunkline explains the change in the market transportation service is due to a combination of factors including: declining Gulf of Mexico production; increased onshore supply from the Bossier and Barnett Shale basins in Texas; proposed LNG

(continued)

address changing shipper requirements, Trunkline proposes its Field Zone Expansion Project, which combines a North Texas (NTX) Expansion and a Henry Hub Lateral.

3. For the NTX Expansion portion of the Field Zone Expansion Project, Trunkline intends to construct approximately 45 miles of 36-inch diameter pipe to loop its existing 24-inch Kountze 100-1 line between its Kountze Compressor Station in Jasper County, Texas, and its Longville Compressor Station in Beauregard Parish, Louisiana. In conjunction with the proposed loop line, Trunkline proposes to install an additional 10,350 horsepower (hp) unit at its Kountze Compressor Station and to abandon in place that station's sole existing 6,350 hp unit.<sup>3</sup> Trunkline also proposes to install a 10,350 hp unit at its Longville Compressor Station, which currently has 10 units with a total of 26,400 hp.<sup>4</sup> In addition, Trunkline proposes to install three meter stations, as well as launcher and receiver valves and crossover piping between the Kountze and Longville Stations. Trunkline states its proposed NTX Expansion will provide for an additional 510,000 dekatherms per day (Dth/d) of firm transportation capacity. However, the maximum capacity on the NTX Expansion could be as high as 835,000 Dth/d if the interconnection with Energy Transfer Partners, L.P. (Energy Transfer), an intrastate pipeline, is made at Gate Valve 43, the beginning of the proposed 45-mile pipeline loop.<sup>5</sup>

4. In an open season held between May 23, 2005 and July 28, 2005, four shippers – ETC Marketing, Ltd.; ProLiance Energy; Enbridge Marketing, L.P.; and Sequent Energy Management, L.P – entered into precedent agreements for 510,000 Dth/d of long-term

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terminals in Texas and southwest Louisiana; and an abundance of gas for the Chicago market, supplied from Canada, the Rocky Mountains, and Michigan storage fields.

<sup>3</sup> Trunkline states that the existing 6,350 hp unit was authorized in 1956 (*see* 15 FPC 46), and is in need of replacement due to its age, use, and the unavailability of parts.

<sup>4</sup> *See Trunkline Gas Supply Company*, 8 FPC 250 (1949).

<sup>5</sup> The proposed additional compression at Kountze and Longville Stations together with the proposed 45-mile long, 36-inch diameter supply line loop of the Trunkline's existing Texas mainlines will be capable of providing of up to 835,000 Dth/d of capacity.

firm transportation service.<sup>6</sup> Trunkline states it solicited, but did not receive, offers from existing shippers to turn back capacity on the pipeline system during the open season.

5. In June 2006, Trunkline announced plans to increase the capacity of its system east of the Kaplan Compressor Station to increase deliveries at the Henry Hub, relying on ETC Marketing, Ltd., a wholly-owned subsidiary of Energy Transfer as an anchor shipper. Trunkline began backflowing gas on its Centerville 300-1 Line from the Kaplan Station eastward to the Henry Hub to accommodate changing flow patterns on its South Louisiana mainline system. Trunkline intends the proposed Henry Hub Lateral to provide additional capacity sought by expansion shippers. Currently, Trunkline is able to deliver a maximum of 120,000 Dth/d to the Henry Hub.

6. For its proposed Henry Hub Lateral, Trunkline proposes to construct approximately 13.5 miles of 36-inch diameter pipe between its existing Kaplan Compressor Station and the Henry Hub in Vermilion Parish, Louisiana.<sup>7</sup> All but approximately one mile of the proposed lateral line will be located adjacent to Trunkline's existing 20-inch Centerville 300-1 Line. In addition, Trunkline proposes to abandon its 3,000 hp compressor unit 5822 at its Joppa Compressor Station in Massac County, Illinois, to remove, refurbish, and upgrade that unit from 3,000 hp to 5,100 hp, and then reinstall the modified unit at its Kaplan Station.<sup>8</sup> Recently, Trunkline received authorization to abandon and remove two 3,000 hp units (units 4728 and 4729) from its Centerville Compressor Station in St. Mary Parish, Louisiana, and to reinstall those two units at its Kaplan Compressor Station.<sup>9</sup> Trunkline now seeks authorization to also upgrade each of these two units from 3,000 hp to 5,500 hp. The Kaplan Station will have

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<sup>6</sup> The quantities and terms of firm service are as follows: ETC Marketing, Ltd. – 335,000 Dth/d for 10 years; ProLiance Energy – 110,000 Dth/d for 5 years and 5 months; Enbridge Marketing, L.P. – 40,000 Dth/d for 5 years; and Sequent Energy Management, L.P. – 25,000 Dth/d for 5 years.

<sup>7</sup> The Henry Hub is owned and operated by Sabine Pipe Line LLC, a subsidiary of ChevronTexaco Corporation.

<sup>8</sup> Trunkline notes that after the unit is removed from its Joppa Compressor Station, the remaining facilities, with a total of 27,800 hp will be adequate to enable Trunkline to fulfill its current firm service contracts.

<sup>9</sup> See *Trunkline Gas Company, LLC*, 116 FERC ¶ 62,125 (2006). This order does not anticipate upgrading the 3,000 hp units prior to reinstallation.

a total of 16,100 hp. Finally, Trunkline proposes to install a launcher at its Kaplan Compressor Station and a receiver at the Henry Hub, as well as two meters at the Henry Hub.

7. To accommodate the NTX shippers' agreements to transport their proposed volumes to the Henry Hub, Trunkline proposes to reconfigure the eastward flow on its existing 300 Line from the Longville Station to the Kaplan Station. The 300 Line is currently used to move gas in a west to east direction from the Centerville Station through the Kaplan Station to the Longville Station. Trunkline states this reconfiguration will convert the 300 Line to bi-directional flow, so that the proposed expansion volumes can be transported from the Longville Station to the Centerville Station. With the proposed new compression at the Longville Station, Trunkline expects to be able to transport up to 475,000 Dth/d on the existing Longville-to-Kaplan 300 Line to the Henry Hub. Thus, the proposed Henry Hub Lateral will provide delivery capacity for 475,000 Dth/d from the Kaplan Station to the Henry Hub, utilizing the 11,000 hp proposed to be added to the Kaplan Station. Finally, Trunkline states that the remaining 35,000 Dth/d associated with the proposed expansion will be delivered on Trunkline's existing 200 Line (which, like Trunkline's 300 Line, extends from the Longville to the Kaplan Station) to an existing interconnection with Transcontinental Gas Pipe Line Corporation (Transco) near Ragley, Louisiana.

8. Trunkline estimates the total cost for its proposed Field Zone Expansion will be \$158.9 million. Trunkline intends to provide firm transportation services associated with the proposed Field Zone Expansion under its existing Rate Schedule FT. The proposed expansion will provide for the transportation of an additional 510,000 Dth/d on Trunkline's proposed new facilities. Trunkline requests authorization to convert the electric power costs at the Longville and Kountze Stations to equivalent gas units in MMBtus for recovery through its fuel tracker.

9. Trunkline also requests a predetermination that rolled-in rate treatment under its existing Rate Schedule FT is appropriate to recover the costs associated with the proposed expansion. In support of this request, Trunkline alleges that the annual revenues generated using the capacity created by the proposed expansion will exceed the estimated cost of service.

## **II. Notice and Interventions**

10. Notice of Trunkline's application, in Docket No. CP06-542-000, was published in the *Federal Register* (71 Fed. Reg. 56,515) on September 20, 2006. Timely, unopposed

motions to intervene<sup>10</sup> were filed by PSEG Energy Resources & Trade, LLC; Michigan Consolidated Gas Company; LeCompte-Hall, LLC; and Memphis Light, Gas, and Water Division, City of Memphis, Tennessee. No other motions to intervene, or adverse comments or protests, have been filed.

### **III. Discussion**

11. Since the proposed facilities will be used to transport natural gas in interstate commerce, subject to the jurisdiction of the Commission, the proposed construction, operation, and abandonment is subject to the jurisdiction of the Commission and the requirements of NGA section 7.

#### **A. Certificate Policy Statement**

12. To determine whether a proposed project is required by the public convenience and necessity, we consider whether the proposal meets the criteria set forth in our policy statement addressing new facilities.<sup>11</sup> In this policy statement, we establish criteria for determining whether there is a need for a proposed project, balance the public benefits against potential adverse impacts, and determine whether the proposed project will serve the public interest. Our goal in evaluating proposed projects 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, avoidance of unnecessary disruptions to the environment, and avoidance of the unnecessary exercise of eminent domain.

13. Under the Certificate Policy Statement, the threshold requirement for existing pipelines proposing a new project 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 new 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 location of the new facilities. If residual adverse effects on these interest groups are identified after efforts have been made to minimize them, we evaluate the

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<sup>10</sup> Timely, unopposed motions to intervene are granted by operation of Rule 214 of the Commissions Rules of Practice and Procedure. 18 C.F.R. § 385.214 (2006).

<sup>11</sup> *Certification of New Interstate Natural Gas Pipeline Facilities (Policy Statement on New Facilities)*, 88 FERC ¶ 61,227 at 61,748 (1999), 90 FERC ¶ 61,128 and 92 FERC ¶ 61,094 (2000) (clarifying statement of policy).

project by balancing the 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 the economic interests will the Commission proceed to complete the environmental analysis where other interests are considered.

14. As described above, Trunkline will provide the expansion services under its existing Part 284 Rate Schedule FT. Since none of the proposed project costs are included in Trunkline's currently effective rates, accepting Trunkline's proposal to charge these rates as initial rates for the expansion services will not result in subsidization of that service by existing customers. Further, as discussed below, the Commission is denying Trunkline's request that the Commission make a finding supporting a predetermination that rolled-in rate treatment will be appropriate for this project. For these reasons, the Commission finds that Trunkline's proposal will not result in subsidization by existing customers and therefore satisfies the Certificate Policy Statement's threshold test.

15. Further, Trunkline has demonstrated that any adverse effects of the proposed Field Zone Expansion Project will be minimized or eliminated. Trunkline's proposed new pipelines will be located parallel to existing Trunkline pipelines for all but one mile, minimizing the impact of new facilities on landowners and surrounding communities. Trunkline's proposal will also not have an adverse impact on existing pipelines in the region or their customers.

16. The proposed Field Zone Expansion Project will provide additional capacity of 510,000 Dth/d from receipt points on the NTX Expansion to Louisiana Field Zone delivery points, including 475,000 Dth/d to the Henry Hub. This additional capacity greatly exceeds Trunkline's current ability to provide 120,000 Dth/d at the Henry Hub, thus providing additional operational flexibility for its customers.<sup>12</sup> In addition, Trunkline's shippers will have additional access to production originating in north and

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<sup>12</sup> As described above, Trunkline states the additional capacity on the NTX Expansion may potentially increase from 510,000 Dth/d to as high as 835,000 Dth/d if Energy Transfer elects to place its interconnect at Gate Valve 43, the beginning of the proposed 45-mile pipeline loop, instead of upstream at the Kountze Compressor Station. This is because the facilities upstream of Gate Valve 43 cannot physically transport more than 510,000 Dth/d. In view of this possibility, we will direct Trunkline to notify the Commission where Energy Transfer ultimately chooses to interconnect.

east Texas, as well as to potential gas supplies from proposed LNG terminals planned for the Texas Gulf Coast.

17. The Certificate Policy Statement provides that a natural gas company should indicate whether the need to construct additional facilities can be mitigated by measures such as capacity reallocation or released capacity. Trunkline, as stated above, expressed its willingness to accept offers to turnback capacity during the open season, but received no requests.

18. Based on the benefits that the proposed expansion will provide and the minimal adverse impacts on existing customers, other pipelines, landowners or communities, we find, consistent with the criteria of the Certificate Policy Statement, that approval of the proposed expansion project is required by public convenience and necessity.

### **B. Abandonment**

19. Trunkline proposes to abandon in place an existing 6,350 hp unit at its Kountze Compressor Station. We find this abandonment, in conjunction with the installation of two additional units, will not adversely impact Trunkline's ability to meet its existing contractual requirements. Because Trunkline is abandoning the compressor unit due to the impracticality of its continued operations, and because the proposed expansion will permit Trunkline to meet the needs of existing and expansion shippers, we find that the abandonment is permitted by the public convenience and necessity.

20. Similarly, we find Trunkline's proposal to abandon and remove a unit at its Joppa Compressor Station in Massac County, Illinois, to be permitted by the public convenience and necessity, since the abandonment will not compromise Trunkline's ability to continue to provide certificated firm service to its existing customers. As discussed above, we will authorize the upgrade from 3,000 to 5,100 hp and reinstallation of this refurbished unit at Trunkline's Kaplan Compressor Station.

### **C. Rates**

21. Trunkline estimates the total cost for its proposed Field Zone Expansion will be \$158.9 million. Trunkline proposes to provide the expansion services under its existing Rate Schedule FT, using its current \$3.7001/Dth Field Zone Only reservation rate as its initial recourse rate.<sup>13</sup>

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<sup>13</sup> As noted above, Trunkline's application requests authorization to convert the electric power costs at the Longville and Kountze Stations to equivalent gas units in

22. Trunkline requests a predetermination that it will be appropriate to roll the costs associated with the proposed Field Zone Expansion into its systemwide FT rates in a future section 4 rate proceeding. In support of this request, Trunkline's Exhibit P shows annual revenues of \$29,519,010 generated by the expansion exceeding the estimated cost of service of \$29,510,066 by \$8,944 in the first year, and, due to decreasing cost of service, by \$1,225,229 in the second year, and \$ 2,346,303 in the third year.<sup>14</sup>

23. Trunkline has precedent agreements for the transportation of 510,000 Dth/d on its expansion facilities. While Trunkline's maximum Field Zone Only reservation rate under its Rate Schedule FT will be the initial recourse rate for services using the expansion capacity, three of the four precedent agreements in Trunkline's application provide for negotiated rates that are above that rate. To the extent Trunkline provides service under negotiated rate agreements, Trunkline bears the risk for any revenue shortfall. Therefore, when Trunkline files in the future under section 4 of the NGA to recover the costs associated with the expansion project, the project costs will be compared to the revenues that would be generated if Trunkline were charging the maximum recourse rate for all expansion services under contract, regardless of whether the contracted rate is less than or greater than the recourse rate. It is appropriate to make that same comparison here in order to determine whether a presumption of rolled-in rate treatment should be granted with respect to a future section 4 rate proceeding.<sup>15</sup> When the maximum recourse rate of \$3.7001/Dth is substituted for the negotiated rates that Trunkline has agreed to, the annual incremental revenue is \$23,082,600, whereas Trunkline's estimated annual cost of service for the first year of the project is \$29,510,066. Thus, use of the maximum recourse rate instead of the negotiated rates results in the incremental cost of service exceeding incremental revenues by \$6,427,466 for the first year of the project, and by \$15,728,754 over the first three years of the project. In view of these considerations, we are denying Trunkline's request for a predetermination supporting rolled-in rate treatment

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MMBtus for recovery through its fuel tracker. However, in an order issued on April 26, 2006, in Docket No. CP06-35-000, the Commission accepted Trunkline's pro forma tariff sheets to allow Trunkline to convert electric power costs to equivalent gas units (in MMBtu) for recovery through its fuel tracker and directed Trunkline to file actual tariff sheets implementing the revised fuel reimbursement mechanism. *See* 115 FERC ¶ 61,119 (2006). Thus, Trunkline's request for specific authorization in this proceeding is moot.

<sup>14</sup> *See* Trunkline's Application, Exhibit P, page 1 of 1.

<sup>15</sup> *See Natural Gas Pipeline Company of America*, 111 FERC ¶ 62,236 at 64,518 (2005); *Southern Natural Gas Company*, 113 FERC ¶ 61,199 at n. 20 (2005).

for this project's costs. This denial is without prejudice to Trunkline filing for and fully supporting rolled-in rate treatment for these facilities in a future rate case.

24. Although we are denying the request for a presumption of rolled-in rate treatment for the Field Zone Expansion, we will authorize Trunkline to use its existing Part 284 maximum Field Zone Only FT rate as the initial recourse rate for services using the incremental capacity created by this expansion project. This is consistent with the Commission's policy of requiring a pipeline to use its existing maximum applicable Part 284 rate as the initial recourse rate if the calculated incremental rate is less than the Part 284 rate. Here, calculation of an incremental recourse rate for the project results in a rate of \$2.945/dth, which is less than Trunkline's maximum Field Zone Only reservation rate of \$3.7001/Dth under Rate Schedule FT.<sup>16</sup>

25. In certificate proceedings we establish initial recourse rates, but do not make determinations regarding specific negotiated rates for proposed services.<sup>17</sup> In order to comply with the Alternative Rate Policy Statement<sup>18</sup> and our decision in *NorAm Gas Transmission Company*,<sup>19</sup> we will direct Trunkline to file their negotiated rate contracts, or numbered tariff sheets, not less than 30 days or more than 60 days, prior to the commencement of service, stating for each shipper the negotiated rate, the applicable gas volume to be transported, and an affirmation that the affected service agreement do not deviate in any material respect from the form of service agreement in Trunkline's *pro forma* tariff. Trunkline must also disclose all consideration received that is associated with the agreement. Finally, Trunkline must also maintain separate and identifiable accounts for volumes transported, billing determinants, rate components, surcharges and

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<sup>16</sup> Using the facilities' potential maximum capacity of 835,000 Dth/d, we have calculated the resultant incremental rate as follows: cost of service of \$29,510,066 / [835,000 Dth/d × 12] = \$2.945/Dth.

<sup>17</sup> *CenterPoint Energy – Mississippi River Transmission Corp.*, 109 FERC ¶ 61,007 at P 19 (2004); *ANR Pipeline Co.*, 108 FERC ¶ 61,028 at P 21 (2004); *Gulfstream Natural Gas System, LLC*, 105 FERC ¶ 61,052 at P 37 (2003); *Tennessee Gas Pipeline Co.*, 101 FERC ¶ 61,360 at n.19 (2002).

<sup>18</sup> *Alternative to Traditional Cost-of-Service Ratemaking for Natural Gas Pipelines and Regulation of Negotiated Transportation Services of Natural Gas Pipelines, Alternative Rate Policy Statement*, 74 FERC ¶ 91,024 (1996), *reh'g denied*, 75 FERC ¶ 61,066 (1996), *petition for review denied*, *Burlington Resources Oil & Gas Co. v. FERC*, Nos. 96-1160, *et al.*, U.S. App. Lexis 10697 (D.C. Cir. July 20, 1998).

<sup>19</sup> 77 FERC ¶ 61,011 (1966).

revenues associated with its negotiated rates in sufficient detail so that they can be identified in Statements G, I, and J in any future section 4 or 5 rate case.

#### **IV. Environmental Analysis**

26. On October 24, 2006, staff issued a Notice of Intent to Prepare an Environmental Assessment for the Proposed Field Zone Expansion Project and Request for Comments on Environmental Issues (NOI). No written comments were received from affected property owners. However, comments were received from the Natural Resource Conservation Service, the U.S. Fish and Wildlife Service, the Louisiana Department of Wildlife and Fisheries (Louisiana DWF), and the Texas Parks and Wildlife Department concerning specific resources affected by the project.

27. The Commission staff prepared an environmental assessment (EA) for Trunkline's proposal, which addresses the resource concerns identified by the agencies above.<sup>20</sup> The EA addresses geology, soils, water resources, wetlands, vegetation, wildlife habitat, fisheries, federally listed endangered and threatened species, land use, cultural resources, and route alternatives. A Notice of Availability was issued and placed in the public record on March 5, 2007, and the comment period expired on April 4, 2007. Comments were received from the Texas Department of Transportation, the U.S. Fish and Wildlife Service, the Louisiana DWF, and Trunkline.

28. The Texas Department of Transportation remarked that they had no comments on the EA. The U.S. Fish and Wildlife Service noted their approval of the EA's overall quality and concurred with the Commission's finding that the project would not adversely affect any federally listed threatened or endangered species except for the red-cockaded woodpecker. The U.S. Fish and Wildlife Service added that during the ongoing Endangered Species Act consultation, they would be coordinating with Trunkline in its evaluation of the project's impacts on a red-cockaded woodpecker cluster present near the DeQuincy Pipe storage yard. Environmental Condition No. 16 is in place to ensure that consultation regarding the red-cockaded woodpecker is complete before construction is authorized.

29. In its comments on the EA, the Louisiana DWF expressed concern with Trunkline's currently proposed crossing method of Beckwith Creek, a Louisiana-designated Natural and Scenic River. The Louisiana DWF commented that the staging and spoil storage areas required for the bore method of crossing under Beckwith Creek

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<sup>20</sup> The EA was issued and entered into public file for this proceeding on March 5, 2007.

would adversely impact the 100-foot-wide riparian corridor adjacent to the stream. The Louisiana DWF indicates that conservation of riparian corridors is most pertinent to the state Scenic Rivers Program. Trunkline proposes to use two large extra work spaces, which would result in the clearing of forested portions on the west and east side of this crossing. In an effort to decrease the impact on riparian forest along this designated state scenic river, the Commission will require Trunkline to consult with the Louisiana DWF to develop a plan that would minimize impacts on forest clearing and on the riparian vegetation located along Beckwith Creek. In addition, Trunkline should investigate using the Horizontal Direct Drill (HDD) method to cross Beckwith Creek and report its findings in the plan. To address this requirement, the Commission is added environmental Condition No. 19, requiring Trunkline to file a site specific crossing plan for Beckwith Creek, in consultation with the Louisiana DWF, which provides for less clearing to vegetation and the riparian zone along Beckwith Creek, including the required investigation into the use of the HDD method.

30. Trunkline indicated in its April 4, 2007 comments that the EA contained a number of incorrect descriptions of the project construction and other minor inconsistencies. The Commission reviewed Trunkline's filing and concurs with Trunkline's suggested modifications to the EA regarding HDD and boring and adopts them by reference. These corrections include Trunkline's intention to use the HDD method to cross the Sabine and Vermillion Rivers only and a bore method to cross Beckwith and Hickory Creeks. Approval of Trunkline's use of a bore method to cross Beckwith Creek is subject, however, as discussed above, to the requirement that Trunkline consult with the Louisiana DWF to develop a plan that would minimize impacts on forest clearing and on the riparian vegetation located along Beckwith Creek and the requirement that Trunkline investigate using HDD to cross Beckwith Creek and report its findings.

31. Trunkline requested modification of the EA's environmental Condition No. 14, which requires Coastal Zone Consistency determination prior to beginning construction, to apply only to the Henry Hub portion of the project. Given that the Field Zone Expansion Project does not lie within the Texas Coastal Zone, we are modifying environmental Condition No. 14 as requested.

32. Trunkline requests to modify environmental Condition No. 17 to state "Trunkline shall not use open burning within particulate matter nonattainment or maintenance areas. Trunkline shall obtain appropriate permissions or permits prior to conducting any open burning." Although open burning is allowed under state rules, the Commission is responsible for determining the conformity of the Federal Action. If open burning is allowed in nonattainment areas, the emissions generated by the activity must be compared to General Conformity Applicability Thresholds and could require a General Conformity analysis and determination by the Commission. As this is a lengthy process

and Trunkline has not estimated the emissions from open burning, the Commission believes the original condition is necessary.

33. Trunkline requests modification of condition No. 18 concerning post-construction noise surveys to state that additional noise controls be installed “. . . if the noise attributable to the operation of the compressor station additions/modifications at full load exceeds an Ldn of 55 dBA at any nearby NSAs . . .” instead of “. . . if the noise attributable to the operation of the facility at full load exceeds the existing Ldn at any nearby NSAs.” However, given the high noise levels at these existing stations, some already greatly exceeding an Ldn of 55 dBA, the Commission intends to ensure that noise levels from operation of the new equipment does not impose an even more significant impact on nearby NSAs by increasing the current high noise levels. Therefore, the Commission believes that the condition as it stands is reasonable and appropriate.

34. Based on the analysis in this EA, the Commission concludes that if Trunkline constructs and abandons the facilities in accordance with its application and supplements and the environmental conditions listed in the appendix to this order, approval of this project would not constitute a major federal action significantly affecting the quality of the human environment.

35. 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.<sup>21</sup> Trunkline shall notify the Commission’s environmental staff by telephone or facsimile of any environmental noncompliance identified by other federal, state, or local agencies on the same day that such agency notifies Trunkline. Trunkline shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

## V. Summary

36. For the reasons discussed above, we find the benefits of Trunkline’s proposed Field Zone Expansion Project should outweigh any potential adverse effects; accordingly,

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<sup>21</sup> 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.*, 52 FERC ¶ 61,091 (1990) and 59 FERC ¶ 61,094 (1992).

consistent with the Certificate Policy Statement, we conclude that the proposed project to be required by the public convenience and necessity. Further, as discussed above, we find the public convenience and necessity permit Trunkline's proposed abandonments. Finally, we deny Trunkline's request for a presumption of rolled-in rate treatment, since Trunkline has not demonstrated that such rate treatment would not result in subsidization by existing customers. .

37. The Commission, on its own motion, received and made a part of the record all evidence, including the application, as supplemented, and exhibits thereto, submitted in this proceeding. Upon consideration of this record,

The Commission orders:

(A) A certificate of public convenience and necessity is issued to Trunkline, authorizing it to construct and operate its proposed Field Zone Expansion Project, as described herein and in Trunkline's application, as modified and conditioned herein.

(B) Trunkline is granted permission and approval under NGA section 7(b) to abandon two compressor units, as described herein and in the application.

(C) The authorizations issued in Ordering Paragraphs (A) and (B) are conditioned on Trunkline:

(1) constructing and making available for service the facilities described herein, pursuant to paragraphs (b) of section 157.20 of the Commission's regulations, within two years of the issuance of this order;

(2) complying with all Commission regulations under the NGA including, but not limited to, Parts, 154, 157, and 284;

(3) executing contracts for the levels and terms of service represented in the precedent agreements with its customers prior to the commencement of construction;

(4) complying with the environmental conditions set forth in the appendix to this order;

(5) notifying the Commission's environmental staff by telephone, e-mail, or facsimile of any environmental noncompliance identified by other federal, state, or local agencies the same day that such agency notifies Trunkline. Trunkline shall

file written confirmation of such notification with the Secretary of the Commission within 24 hours, and;

(6) notifying the Commission of any abandonment of facilities within 10 days thereof.

(D) Trunkline's proposal to use its Rate Schedule FT Field Zone Only reservation rate as its initial rate for the project is approved.

(E) Trunkline must notify the Commission of the location of interconnection ultimately chosen by Energy Transfer.

(F) Trunkline's request for a predetermination of rolled-in rate treatment is denied without prejudice to Trunkline's demonstrating, in a future NGA Section 4 filing, that such rate treatment will not result in subsidization of the expansion capacity by existing shippers.

(G) Trunkline shall file actual tariff sheets, implementing its revised fuel reimbursement mechanism amended to include the recovery of its purchased power costs not less than 30 days and no more than 60 days prior to the commencement of service on the proposed expansion pursuant to Part 154 of the Commission's regulations.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

## Appendix

### Environmental Conditions for Trunkline's Proposals in Docket No. CP06-452-000

In addition, as recommended in the attached Environmental Assessment (EA), this authorization includes the following conditions:

1. Trunkline shall follow the construction procedures and mitigation measures described in its application and supplements and as identified in the environmental assessment, unless modified by the Order. Trunkline 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 has delegation authority to take whatever steps are necessary to ensure the protection of all environmental resources during construction, operation, and activities associated with abandonment 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 abandonment.
3. **Prior to any construction**, Trunkline 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 location 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, Trunkline 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.

Trunkline'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. Trunkline's right of eminent domain granted under NGA section 7(h) does not authorize it to increase the size of its natural gas pipeline to accommodate future needs or to acquire a ROW for a pipeline to transport a commodity other than natural gas.

5. Trunkline 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, and 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 minor field realignments per landowner needs and requirements which 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 certificate and before construction** begins, Trunkline shall file an Implementation Plan with the Secretary for review and written approval by the Director of OEP describing how Trunkline will implement the mitigation measures required by the Order. Trunkline must file revisions to the plan as schedules change. The plan shall identify:
- a. how Trunkline 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;
  - b. the number of environmental inspectors assigned per spread, and how the company will ensure that sufficient personnel are available to implement the environmental mitigation;
  - c. company personnel, including environmental inspectors and contractors, who will receive copies of the appropriate material;
  - d. the training and instructions Trunkline will give to all personnel involved with construction and restoration (initial and refresher training as the project progresses and personnel change);
  - e. the company personnel (if known) and specific portion of Trunkline's organization having responsibility for compliance;
  - f. the procedures (including use of contract penalties) Trunkline will follow if noncompliance occurs; and
  - g. 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 mitigation training of onsite personnel;
    - (3) the start of construction; and
    - (4) the start and completion of restoration.
7. Trunkline shall employ at least one environmental inspector. The environmental inspector (EI) shall be:
- a. responsible for monitoring and ensuring compliance with all mitigative 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 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. 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
  - e. responsible for maintaining status reports.
8. Trunkline shall file updated status reports prepared by the EI with the Secretary on a weekly basis **until all construction-related activities, including restoration and initial permanent seeding, 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. the current 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;
  - b. a listing of all problems encountered and each instance of noncompliance observed by the environmental inspector 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);
  - c. corrective actions implemented in response to all instances of noncompliance, and their cost;
  - d. the effectiveness of all corrective actions implemented;
  - e. 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
  - f. copies of any correspondence received by Trunkline from other Federal, state or local permitting agencies concerning instances of noncompliance, and Trunkline's response.
9. Trunkline must receive written authorization from the Director of OEP **before commencing service** from the project. Such authorization will only be granted following a determination that rehabilitation and restoration of the right-of-way is proceeding satisfactorily.
10. **Within 30 days of placing the certificated facilities in service,** Trunkline 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 Trunkline has complied with or will comply with. This statement shall also identify any areas along the right-of-way where compliance measures were not properly implemented, if not previously identified in filed status reports, and the reason for noncompliance.
11. Trunkline shall conduct, with the well owner's permission, pre- and post-construction monitoring of well yield and water quality for these wells. **Within 30 days of placing the facilities in service**, Trunkline shall file a report with the Secretary discussing whether any complaints were received concerning well yield or water quality and how each was resolved.
12. Trunkline shall file with the Secretary, **prior to construction**, specific measures for withdrawing hydrostatic testwater from the Sabine River similar to measures developed by the Railroad Commission of Texas, as recommended by the National Park Service.
13. Trunkline shall file, **prior to construction**, its revised horizontal directional drill plan to include data and findings from its geotechnical investigations currently under way with the Secretary for review and written approval by the Director of OEP.
14. Trunkline **shall not begin construction** of the Henry Hub portion of its Field Zone Expansion Project until it files with the Secretary a copy of the determination of consistency with the Coastal Zone Management Program issued by the Louisiana Department of Natural Resources.
15. Trunkline shall develop and implement an environmental complaint resolution procedure. The procedure would provide landowners with clear and simple directions for identifying and resolving their environmental mitigation problems/concerns during construction of the project and restoration of the right-of-way. **Prior to construction**, Trunkline shall mail the complaint procedure to each landowner whose property would be crossed by the project.
  - a. In its letter to affected landowners, Trunkline shall:
    - (1) provide a local contact that the landowners should call first with their concerns; the letter should indicate how soon a landowner should expect a response;

- (2) instruct the landowners that, if they are not satisfied with the response, they should call Trunkline's Hotline; the letter shall indicate how soon to expect a response; and;
    - (3) instruct the landowners that, if they are still not satisfied with the response from Trunkline's Hotline, they should contact the Commission's Enforcement Hotline at (1-888-889-8030).
  - b. In addition, Trunkline shall include in its weekly status report a table that contains the following information for each problem/concern: In its letter to affected landowners, Trunkline shall record:
    - (1) the date of the call;
    - (2) the identification number from the certificated alignment sheets of the affected property;
    - (3) the description of the problem/concern; and,
    - (4) an explanation of how and when the problem was resolved, will be resolved, or why it has not been resolved.
16. Trunkline **shall not begin construction** activities until:
  - a. the FERC completes any necessary consultations with FWS; and
  - b. Trunkline receives written notification from the Director of OEP that construction and or implementation of conservation measures may begin.
17. Trunkline shall not use open burning within any non-attainment or maintenance area.
18. Trunkline shall file noise surveys with the Secretary **no later than 60** days after placing the Kountze, Kaplan, and Longville Compressor Stations in service. If the noise attributable to the operation of the facilities at full load exceeds the existing Ldn at any nearby NSAs, Trunkline shall install additional noise controls to meet that level **within 1 year of** the in-service date. Trunkline should confirm compliance by filing a second noise survey with the Secretary **no later than 60 days** after it installs the additional noise controls.
19. **Prior to construction**, Trunkline shall file a site specific crossing plan for Beckwith Creek, in consultation with the LDWF, that provides less clearing to vegetation and the riparian zone along Beckwith Creek, including investigating the use of the HDD method, with the Secretary for review and written approval by the Director of OEP.