

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.

Southern Natural Gas Company

Docket No. CP07-70-000

ORDER GRANTING ABANDONMENT AUTHORITY

(Issued May 21, 2007)

1. On January 26, 2007, Southern Natural Gas Company (Southern) filed an application requesting authority pursuant to section 7(b) of the Natural Gas Act (NGA) to abandon by removal six compressor engines located at the Toca Compressor Station (Toca) in St. Bernard Parish, Louisiana. We conclude that the proposal is permitted by the public convenience and necessity. Accordingly, we will authorize Southern's abandonment proposal as discussed below.

I. Background and Proposal

2. Currently, Southern operates 16 engines (31,600 horsepower) at Toca. Of these 16 engines operated at Toca, 8 engines are subject to the hazardous emission standards established by the U. S. Environmental Protection Agency (EPA) for stationary reciprocating internal combustion engines (RICE).¹ Southern proposes to abandon six compressor engines installed in the 1950's that fail to meet EPA's RICE emission standards.² Southern states that it is required to meet EPA's standards by June 15, 2007, or risk a shutdown at the station.

3. Specifically, the six Toca compressor engines that Southern proposes to abandon are Engine no. 1 (1,100 horsepower) and Engine nos. 6 through 10 (660 horsepower each), totaling 4,400 horsepower. After the abandonments, Southern would continue to

¹ 40 C.F.R. § 63.6580 *et seq.* (Subpart ZZZZ). The other engines are not subject to EPA's RICE emission standards.

² The subject compressor engines were certificated at various times. *See Southern Natural Gas Co.*, 12 FPC 516 (1953), 16 FPC 996 (1956), 17 FPC 379 (1957).

operate a total of 27,200 horsepower at Toca to serve existing firm customer requirements. Southern has determined that the most efficient and economical solution for environmental compliance on Engine nos. 2 and 3 is to install, pursuant to 18 C.F.R §2.55, non-selective catalytic reduction control systems.

4. Southern states that it can continue to meet its current system requirements without the Toca engines proposed to be abandoned. Therefore, Southern contends that the \$3,000,000 estimated cost of bringing these engines into environmental compliance cannot be justified. In addition, Southern estimates that the proposed abandonment would save approximately \$368,000 in maintenance costs per year.

5. Southern states that it requires approximately 20,000 horsepower at Toca to serve its existing firm customers. In the future, should it need additional horsepower, Southern indicates that it would install new engines that would meet the current RICE maximum achievable compliance technology standards.³

6. Initially, Southern proposes to disconnect the engines to be abandoned from its pipeline system and to use some of the engines for spare parts for the other engines remaining at Toca. Eventually, Southern plans on removing the engines from the Toca station site. Southern states that the planned abandonment and retirement work area will be confined within the existing right-of-way and station areas and that there are no wetland or waterbodies that will be affected by the proposed abandonment. There would be no ground disturbance.

II. Interventions

7. Notice of Southern's application was published in the *Federal Register* on February 7, 2007 (72 Fed. Reg. 5689). Timely notices and unopposed motions to intervene were filed by the Alabama Municipal Distributors Group, the Austell Gas System, BP Energy Production Company jointly with BP Energy Company, Chevron U.S.A. Inc., ExxonMobil Gas & Power Marketing Company, the Municipal Gas Authority of Georgia, Peoples Gas System, Shell Offshore, Inc., the Southeast Alabama Gas District and Superior Natural Gas Corporation jointly with Walter Oil & Gas Corporation (Superior).

8. Superior's motion to intervene included comments requesting supplemental information confirming that Southern's proposed abandonment of compressor engines would not affect its ability to transport future supplies of gas.

³ Application at 4.

9. Sequent Energy Management, L.P. (Sequent) filed an untimely motion to intervene and protest. Sequent has demonstrated an interest in this proceeding and, for good cause shown, granting it intervention at this stage of the proceeding will not cause undue delay or unfairly prejudice any party. Therefore, we will grant Sequent's motion.

10. Sequent and Superior assert that Southern's application lacks the detail necessary to adequately assess the potential impact of the proposed abandonment of compressor engines on Southern's ability to transport gas for its existing customers. On March 1, 2007, Southern filed an answer to the protests.⁴ On March 20, 2007, Southern filed additional information.⁵ Southern asserts that its engineering analysis demonstrated that the Toca engines proposed to be abandoned are not needed under current operating conditions.

11. Southern states that the current capacity at Toca is 1,402 MMcf/d and, after the proposed abandonment, the capacity at Toca would be 1,194 MMcf/d. Southern's actual firm contract subscription through the Toca station is 973 MMcf/d, leaving 221 MMcf/d of unsubscribed firm capacity available. Thus, Southern asserts that the reduced capacity resulting from the proposed abandonment will be sufficient for Southern to continue to meet its customers' firm requirements on a peak day.

12. Southern also states that it held an open season in March 2006 for capacity becoming available in March 2007, and that no party bid on the capacity. Southern has not received any follow-up requests for firm service since the open season.

13. Finally, Southern asserts that its throughput data illustrates that there are adequate periods of time during the year in which Southern may perform maintenance on the

⁴ Answers to protests and answers to answers are not permitted under 18 C.F.R. § 385.213(a)(2) (2006) without the approval of the decisional body. We will accept Southern's March 1 and 20, 2007 filings since they provide information that has assisted in our decisionmaking.

⁵ Indicated Shippers also filed a protest pursuant to Rule 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213 (2006), and requested a technical conference on the potential impacts of Southern's proposal on system operations. (Indicated Shippers represents BP America Production Company, BP Energy Company, Chevron U.S.A. Inc., ExxonMobil Gas & Power Marketing Company and Shell Offshore Inc.) However, following Southern's March 1 and 20, 2007 filings, Indicated Shippers withdrew its protest and request for technical conference.

remaining facilities without having to limit service. In this regard, Southern emphasizes that average daily throughput at the Toca station over the last three years was about half of the peak day volume.

III. Discussion

14. Since the facilities Southern 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).

15. The six compressor engines that Southern proposes to abandon at Toca failed to comply with EPA's hazardous emission standards, and Southern is required to comply with EPA's standards by June 15, 2007. Further, the information filed by Southern demonstrates that the six compressor engines proposed for abandonment are not needed to meet Southern's firm service obligations at the Toca station, which currently total 973 MMcf/d. Following Southern's abandonment of the six compressor engines, capacity at the Toca station will be 1,194 MMcf/d. Since capacity will still exceed Southern's firm service obligations by over 200 MMcf/d, Southern will also be able to maintain current levels of interruptible transportation service. Based on the data provided by Southern showing average daily capacity, Southern will be able to perform routine maintenance on the remaining Toca engines without impacting current services.

16. There is no indication that Southern will experience a dramatic rise in firm transportation demand in the near future. Southern held an open season which resulted in no requests for new capacity. In any case, if new demand does arise, Southern has committed to applying for certificate authority to install additional engines at Toca.

17. In view of the above considerations, we find that Southern has adequately addressed Superior's and Sequent's concerns and that Southern's abandonment proposal is permitted by the public convenience and necessity.

18. Since Toca will remain in operation following Southern's proposed abandonment of six compressor engines at that site, the proposal qualifies under 18 C.F.R. § 380.4(a) (36) of the regulations as a categorical exclusion for environmental review purposes.

19. At a hearing held on May 17, 2007, the Commission on its own motion received and made a part of the record all evidence, including the application(s) as supplemented, and exhibits thereto, submitted in this proceeding and upon consideration of the record,

The Commission orders:

(A) Southern is granted permission and approval under NGA Section 7(b) to abandon six compressor engines located at the Toca Compressor Station, as described in this order and in Southern's application.

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

(C) Sequent's motion to intervene out-of-time is granted, and its protest is denied.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.