UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Nora Mead Brownell, and Suedeen G. Kelly.

Northern Border Pipeline Company Docket No. CP05-88-000

ORDER ISSUING CERTIFICATE

(Issued August 18, 2005)

1. On March 10, 2005, Northern Border Pipeline Company (Northern Border) filed an application pursuant to section 7(c) of the Natural Gas Act (NGA) for a certificate authorizing it to construct, modify and install compression facilities to provide up to 130,000 Mcf per day of capacity on Northern Border's pipeline system from Harper, Iowa to North Hayden, Indiana. Northern Border also requests a pre-determination that it be allowed to roll the costs of this project into its system-wide rates in its next general section 4 rate proceeding. As set forth below, we will issue Northern Border a certificate, subject to conditions, but deny its request for a pre-determination favoring rolled-in rates.

Background and Proposal

2. Northern Border is a natural gas company engaged in the transportation of natural gas through a pipeline system beginning at a point on the international boundary near Morgan, Montana, and extending in a southeasterly direction through Montana, North Dakota, South Dakota, Minnesota, Iowa, and Illinois to a point near North Hayden, Indiana. Northern Border proposes here to undertake equipment modifications and replacements at two existing compressor stations in Iowa and Illinois, and to install one new compressor unit at a third station location in Iowa in order to expand capacity on the eastern end of its system and improve the efficiency of the stations. The project (designated as the Chicago III Expansion Project) will allow Northern Border to deliver to the Chicago Hub an additional 130,000 Mcf per day of gas supplies originating from production areas in Canada and from the Williston and Powder River Basins of the United States.

3. Specifically, Northern Border proposes to construct a new 16,000 horsepower electric drive compressor unit at its existing Compressor Station No. 16 site in Johnson County, Iowa.[1] The new compressor unit would be similar to existing units at Compressor Stations No. 14, 17, and 18, allowing the three stations to be operated and maintained more efficiently and minimizing the required parts inventory. Northern Border also would modify its existing Compressor Station No. 17 in Scott County, Iowa by installing additional gas cooling equipment and replacing the compressor wheel and internal components of the existing centrifugal compressor unit. It would likewise replace the compressor wheel and internal components of the existing centrifugal compressor unit at its Compressor Station No. 18 in Bureau County, Illinois. These modifications to Compressor Stations No. 17 and 18 would not change the horsepower ratings.

4. Northern Border conducted an open season for its Chicago III Expansion Project capacity in July 2004, and solicited capacity turnbacks in August 2004. As a result of the open season for new capacity, Northern Border received qualified bids from four shippers for 155,000 Mcf per day of capacity divided between the receipt points of Ventura and Harper, Iowa, for transportation to Manhattan, Illinois and North Hayden, Indiana. The reverse open season resulted in a single turnback of 25,000 Mcf per day by Peoples Energy Wholesale Marketing (Peoples). According to Northern Border, Peoples will permanently release the 25,000 Mcf per day to ONEOK Energy Marketing and Trading Co., L.P., which was one of the qualified bidders in the open season. Northern Border accepted bids from the three other shippers totaling the 130,000 Mcf per day of incremental capacity created by the project, so the project is fully subscribed.

5. Northern Border entered into long-term firm agreements with BP Canada Energy Marketing Corporation, Basin Electric Power Cooperative, and Tenaska Marketing Ventures for the total 130,000 Mcf per day of expansion capacity. The contract terms range from approximately 5½ to 10 years for firm Rate Schedule T-1 service at fixed negotiated rates equal to the T-1 maximum reservation and commodity rates of $0.036 and $0.0006, respectively, plus each shipper's share of estimated fuel use for pipeline operations (company-use gas). Shippers will provide in-kind fuel according to Northern Border's existing fuel retention percentages under the tariff for transportation from Ventura/Harper, Iowa, to North Hayden, Indiana, either through reduced deliveries or third party purchases. All the negotiated rate contracts provide the expansion shippers with a right of first refusal.

6. Northern Border estimates that the project will cost approximately $20.7 million and seeks a determination that it may roll in the project costs in its next rate case.

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[1] The compressor unit would be installed on a 10.3-acre site presently containing a Northern Border launcher/receiver facility and a microwave tower.

Northern Border asserts that such rate treatment is warranted because current customers will not subsidize the project and will experience net savings. Northern Border states that incremental revenues from the project together with Northern Border's calculated fuel benefit to existing shippers will sufficiently cover the project's costs over the first three years of operation. Northern Border maintains that the Chicago III Expansion Project will also provide substantial system-wide benefits to all shippers as a result of increased operational reliability and flexibility.

7. Northern Border seeks to construct the facilities and place them in service sequentially to ensure that service to its existing shippers will not be affected during the estimated two-week period required for the modifications to Compressor Stations No. 17 and 18. Thus, Northern Border proposes to install and begin to operate the new compressor at Compressor Station No. 16 prior to commencing the modifications to Compressor Stations No. 17 and 18. As work on each of these stations is completed, the modified station would be placed back into service, prior to the effective date of the service agreements with the expansion shippers. Service to the expansion shippers would not commence until the entire project is complete. To implement this sequential construction and operating plan, Northern Border requests authority to operate each station once work on the particular station is complete.

Interventions

8. Notice of Northern Border's application was published in the *Federal Register* on March 23, 2005 (70 *Fed. Reg.* 14667). Timely, unopposed motions to intervene in this proceeding were filed by Amerada Hess Corporation, BP Canada Energy Marketing Corp., Basin Electric Power Cooperative, Natural Gas Pipeline Company of America, Nexen Marketing U.S.A. Inc., Nicor Enerchange, Inc., ONEOK Energy Services, L.P., and Tenaska Marketing Ventures, separately, and by The Peoples Gas Light and Coke Company and North Shore Gas Company, jointly. These motions are granted by operation of Rule 214 of the Commission's Rules of Practice and Procedure.[2]

9. Untimely unopposed motions to intervene were filed by MidAmerican Energy Company and Northern Natural Gas Company. Because these entities have demonstrated an interest in this proceeding, and granting late intervention at this stage of the proceeding will not delay, disrupt or otherwise prejudice the rights of any party, for good cause shown, we will permit their late intervention.

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[2] 18 C.F.R. § 385.214 (2005).

Discussion

10. Because the proposed facilities will be used to transport natural gas in interstate commerce subject to the jurisdiction of the Commission, their construction and operation is subject to the requirements of sections 7(c) and (e) of the NGA.

11. On September 15, 1999, the Commission issued its Certificate Policy Statement to provide guidance as to how we will evaluate proposals for certificating new construction.[3] 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 new pipeline facilities, the Commission balances the public benefits against the potential adverse consequences. Our 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 its existing customers. The next step is to determine whether the applicant has made efforts to eliminate or minimize any adverse effects the project might have on the applicant's existing customers.

13. The Commission also considers potential impacts of the proposed project on other pipelines in the market and those existing pipelines' captive 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 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 then proceed to complete the environmental analysis where other interests are considered.

14. As noted above, the threshold requirement is that the pipeline must be prepared to financially support the project without relying on subsidization from its existing customers. Here, Northern Border is proposing to charge its expansion shippers

[3] Certification of New Interstate Natural Gas Pipeline Facilities (Certificate Policy Statement), 88 FERC ¶ 61,227 (1999); order clarifying statement of policy, 90 FERC ¶ 61,128 (2000); order further clarifying statement of policy, 92 FERC ¶ 61,094 (2000).

negotiated rates under its existing Rate Schedule T-1 which are equal to the maximum reservation and commodity rates under that schedule, plus fuel. There are no protests to the proposal. Since none of the project costs are included in Northern Border's currently effective rates, authorizing Northern Border to charge its proposed negotiated rates as initial rates for the expansion service will not result in subsidization of that service by existing customers. However, as is discussed below, we are denying Northern Border's request for pre-approval of rolled-in rate treatment.

15. The proposed project will not result in any degradation of service to Northern Border's existing customers. Neither should the project have any adverse effect on existing pipelines or existing pipelines' captive customers. The Commission received no objections or comments from any member of these groups.

16. Likewise, we do not expect adverse economic impacts on landowners. All the construction activities associated with the compressor units will take place on existing compressor station sites. There will be no additional land required for the compressor units, and no extra work spaces or access roads will be constructed. In order to provide the electric power to operate the compressor at Compressor Station No. 16, the Central Iowa Power Cooperative (CIPCO) will construct an approximately 1.8-mile transmission line, but this will take place within state and county road easements and ground disturbance would generally be limited to areas immediately around the power poles. The Commission received no adverse comments from area landowners.

17. The fact that the project is fully subscribed for firm, long-term incremental service demonstrates market support for the Chicago III Expansion Project. The Commission finds that Northern Border's project will provide substantial benefits without any adverse impacts on shippers or other pipelines. Therefore, the proposal is consistent with the Certificate Policy Statement and section 7(c) of the NGA. Accordingly, balancing the factors set forth in the Certificate Policy Statement, we conclude that Northern Border's proposed project is required by the public convenience and necessity.

Rates

Northern Border's Proposal

18. Under the precedent agreements filed by Northern Border, all shippers elected to pay negotiated rates set at the currently effective maximum rate under Northern Border's Rate Schedule T-1. Northern Border requests pre-approval to roll in the $20,657,000 estimated cost of the expansion when it files its next general rate increase under NGA section 4. In support of its request, Northern Border provides a cost/revenue comparison at Exhibit N showing an estimated $7,048,000 incremental cost-of-service and $7,407,000 in projected revenue, a difference of $359,000. Northern Border developed

its $7,048,000 annual cost-of-service for the expansion using, among other things, a 2.25 percent depreciation rate and a 12 percent return on equity, as stipulated in its most recent rate settlement in Docket No. RP99-322,000, *et al*..[4] The cost-of-service also includes an estimated $3.4 million in electric power costs to operate the system's electric drive compressors. Northern Border forecasts debt costs at 6.63 percent as of April 2006, the planned in-service month. The proposed 52.8 to 47.2 debt/equity ratio and combined equity and debt costs would result in a 9.16 percent overall rate of return.

19. Northern Border projects the approximately $7.4 million in revenue based on $4,704,000 in revenue generated from reservation and commodity charges under the four long-term firm precedent agreements, plus $2,703,000 identified as "value of in-kind fuel reallocation benefit". In its May 5, 2005 Data Responses No. 3 and 5, Northern Border explains the $2.7 million "fuel benefit". According to Northern Border, the tariff will require the expansion shippers to pay a share of the estimated fuel use for system operations through a reduction in deliveries from Northern Border or through third party purchases.[5] Because Northern Border maintains that it will not require additional fuel to provide service to the expansion shippers on the western end of Northern Border's system, Northern Border claims that the incremental fuel supplied by the expansion shippers will contribute to the pool of fuel retained from the shippers on the northwest part of Northern Border's system. Northern Border claims that the system-wide fuel rate should decrease because fuel use will remain the same, but the throughput will increase by the 130,000 Mcf (or 132,730 Dth) per day of expansion capacity.[6] Thus, Northern Border claims that the $2.7 million represents a fuel savings for its existing shippers.

<u>Commission finding</u>

20. We find the negotiated rates and fuel retention provisions in the precedent agreements acceptable. However, for the reasons discussed below, we cannot grant Northern Border's request for a pre-determination of rolled-in rate treatment based on its valuation of its in-kind fuel proposal.

21. Generally, to receive authorization for rolled-in rate treatment, a pipeline must demonstrate that the revenues to be generated by an expansion project will exceed the costs of the project. In Exhibit N to its application, Northern Border's comparison shows

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[4] *See Northern Border Pipeline Co.*, 93 FERC ¶ 61,261 at 61,834 (2000).

[5] Each shipper will provide its share of the company-use gas based on the mileage that it uses to transport its gas. *See* May 5, 2005, Data Response No. 5.

[6] *See* Northern Border's Data Response No. 3.

that the revenue generated by the new service using the currently effective maximum Rate Schedule T-1 rates does not cover the cost-of-service associated with the project. However, Northern Border would have the Commission also consider the difference between the dollar value attributable to the fuel that it would collect from the expansion service customers and the increased cost of fuel associated with the expansion service, which Northern Border claims is zero. Northern Border asserts that when the value of this in-kind fuel benefit is included as revenue, the revenue under the project does exceed the cost-of-service.

22. In support of its inclusion of the $2.7 million fuel cost recovery amounts, Northern Border maintains that in prior proceedings the Commission has found that "fuel-related rate impacts associated with construction projects must be considered as part of the 'no-subsidy' comparisons required under the Policy Statement."[7] Northern Border is correct. Although in the *Southern* case cited by Northern Border, the Commission found it could not determine at that time whether the new service would or would not have an impact on fuel retention or fuel costs, the order did refer to other orders where the issue of increased fuel costs to existing shippers was relevant. In *PG&E Gas Transmission Northwest Corporation* [8] and *Kern River Gas Transmission*[9], the applicants projected increased or additional fuel costs for existing customers and the Commission conditioned their respective certificate authority to protect existing customers from increased fuel costs caused by facility expansions. In *Northern Border*, the Commission interpreted the pricing policy statement to include the cost of fuel in the rolled-in rate analysis. None of these orders, however, address in-kind fuel as "revenue", nor, as proposed here, a pipeline's use of the value of fuel recovered from expansion shippers to offset what would otherwise be a shortfall in project revenues as opposed to project costs.

23. As indicated, the Commission has previously determined that an increase in fuel costs should be included in the rolled-in rate analysis (as fuel costs are an element of a shipper's transportation expense). It may well be appropriate likewise to consider reduced fuel costs when evaluating the project's impact on existing customers. Here, however, Northern Border has failed to adequately support its assertion that the value of fuel to be provided by expansion shippers will be adequate to offset the shortfall of other project revenue as compared to project costs.

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[7] *See* Application at page 11, footnote 8; c*iting Southern Natural Gas Co.* (*Southern*), 102 FERC ¶ 61,134 at P22 (2003); *Northern Border Pipeline Co*., 80 FERC ¶ 61,152 (1997).

[8] 96 FERC ¶ 61,194 (2001); *order denying*, 97 FERC ¶ 61,101 (2001).

[9] 96 FERC ¶ 61,137 (2001).

24. First, Northern Border's fuel revenue argument is premised on its assertion that there will be no fuel costs associated with service using the expansion capacity. However, although there are no gas-fired compressors proposed as part of the expansion, under its tariff, Northern Border retains fuel not only for use in its compressors, but also for use by Northern Border for system operations.[10] The Commission has said various times that company-use gas, such as unaccounted-for gas, is attributable to all customers using the pipeline system.[11] As a result, and contrary to Northern Border's claim, the expansion shippers may in fact create some level of additional "fuel" costs.

25. Even if we were to accept Northern Border's premise that service to the expansion shippers will involve no fuel, we question Northern Border's valuation of the fuel to be provided by the expansion shippers. In its cost and revenue comparison, Northern Border computes its in-kind fuel benefit by calculating the amount of fuel that would be provided by the expansion shippers and multiplying it by a March 3, 2005 fuel price of $7.152 per Dth, thereby producing "revenue" of $2,703,000.[12] According to Northern Border, its single-day gas price is the average of Ventura, Iowa and Chicago forward prices (see Exhibit N to the application). However, our review of the *Gas Daily* prices published for the Chicago City gate and Ventura, Iowa shows that for January and February 2005, the months prior to the date Northern Border filed its application, the monthly average price at these two points was $6.06 and $5.96, respectively.[13] At that price level, the value of fuel provided by the expansion shippers would not be sufficient to offset the shortfall in

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[10] *See*, Northern Border's tariff at GT&C section 1 defines Company Use Gas as "the total quantity of gas, including but not limited to gas used as fuel or for testing *and gas lost or otherwise unaccounted for*, used by Company in its gas operations . . . (emphasis added). Northern Border does not address the level of lost and unaccounted for gas included in the $2.7 million in fuel-related revenue.

[11] *See Mississippi River Transmission Corp*., 97 FERC ¶ 61,129 (2001); *order on reh'g*, 98 FERC ¶ 61,119 (2002).

[12] Northern Border estimates fuel contributions by the expansion shippers of 377,936 Dth which, when applied to the $7.152 per Dth gas price, provides a fuel value of $2,703,000.

[13] The arithmetic average of the monthly average prices reported for Ventura, Iowa and Chicago City gate for January and February, 2005 were $6.06 and $5.96 respectively according to *Gas Daily* data. The average midpoint prices at those respective points for the 12-month period March 1, 2004 through February 28, 2005 were $5.635 and $5.970.

other project revenue.[14] We are not convinced that a single-day price presents a sufficiently accurate indication of in-kind fuel contribution.

26. As a result of the volatility of natural gas prices and the fact that Northern Border did not consider other company-use gas requirements in its cost and revenue comparison, we find that Northern Border has not provided sufficient evidence for us to conclude at this time that rolling the costs of the proposed expansion into system rates would not result in a subsidy of the expansion by existing customers. Accordingly, while we will accept Northern Border's proposal to charge a negotiated rate, under its Rate Schedule T-1, as an initial rate for service using the capacity created by this proposal, Northern Border will not be authorized to roll the costs of service associated with this project into its system rates in a future rate case unless it is able to demonstrate, at that time, that such rate treatment will not result in subsidization of the expansion capacity by existing customers. In addition, we will require Northern Border to keep its books and other records in a manner that will show the costs of service and revenue associated with this project separately, so that the summary required by section 154.309 of our regulations can be filed in any future Northern Border rate proceeding. A filing proposing to roll in the costs associated with the expansion should also include a compression gas flow analysis describing compression and operating pressure applicable to the expansion.

27. Northern Border commits to filing a revised Statement of Negotiated Rates to reflect the contracts not less than 30 days prior to the April 1, 2006, in-service contract date. Such information will include the name of the shipper, contract quantity, the rate, the volume, and the applicable primary receipt and delivery points. Further, Northern Border commits to keeping separate and identifiable accounts for any quantities transported, billing determinants, rate components, surcharges and revenue associated with its negotiated rates, in sufficient detail, to be separately identified in future rate cases.

28. We find that Northern Border's filing commitments generally satisfy the Commission's Rate Policy, with the following exceptions.[15] The tariff filing must also state for each shipper any applicable charges, the applicable rate schedule for the service,

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[14] Northern Border projects revenue from the negotiated rates for the expansion service at approximately $4,704,000, compared to an estimated cost of service of $7,048,000. To make up the $2,344,000 revenue shortfall, fuel provided by expansion shippers must be valued at somewhat over $6.20 per Dth for revenues from the expansion to exceed costs. ($6.202 x 377,936 Dth = $2,343,959)

[15] *See Alternative Rate Policy Statement*, 74 FERC ¶ 61,076 (1996) at 61,241. See also *NorAm Gas Transmission Company*, 77 FERC ¶ 61,011 (1996).

and a statement affirming that the affected service agreements do not deviate in any significant aspect from Northern Border's pro forma service agreement. In addition, Northern Border must also disclose any other agreement, understanding, negotiation, or consideration associated with the negotiated agreements. With respect to the accounts established for the expansion service, Northern Border must maintain separate and identifiable accounts for volumes transported, billing determinants, rate components, surcharges and revenues associated with its negotiated rate in sufficient detail such that in any future NGA section 4 rate cases the negotiated rate revenues can be identified in Statements G, I, and J as provided in section 154.312.[16]

Environment

29. On March 24, 2005, we issued a Notice of Intent to Prepare an Environmental Assessment for the Chicago III Expansion Project and Request for Comments on Environmental Issues (NOI). The comment period expired on April 25, 2005. Four comments were filed and addressed in the EA.

30. Our staff prepared an EA for Northern Border's proposal. The EA addresses geology, soils, water resources, wetlands, fisheries, vegetation, land use, wildlife, cultural resources, air quality, noise, reliability and safety, and alternatives. Based on the discussion in the EA, we conclude that if constructed or operated in accordance with Northern Border's application and supplement filed May 2, 2005, approval of the proposal would not constitute a major federal action significantly affecting the quality of the human environment.[17]

31. 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.[18] Northern Border shall notify the Commission's environmental staff by telephone or facsimile of any environmental noncompliance

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[16] *See, e.g., Transwestern Pipeline Co.*, 108 FERC ¶ 61,157 at P 30 (2004).

[17] The Rural Utilities Service of the U.S. Department of Agriculture is conducting a separate environmental review of the CIPCO power line.

[18] 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 (2nd Cir. 1990); and Iroquois Gas Transmission System, L.P., et al., 52 FERC & 61,091 (1990) and 59 FERC & 61,094 (1992).

identified by other federal, state, or local agencies on the same day that such agency notifies Northern Border. Northern Border shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

32. On August 18, 2005, 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 Northern Border pursuant to section 7(c) of the NGA and Part 157 of the Commission's regulations to construct, own, operate, and maintain natural gas facilities as described and conditioned herein, and as more fully described in the application.

(B) The certificate authority in Ordering paragraph (A) shall be conditioned on the following:

(1) Northern Border's completing the authorized construction of the proposed facilities and making them available for service within one year of the issuance of this order pursuant to paragraph (b) of section 157.20 of the Commission's regulations;

(2) Northern Border's compliance with all applicable Commission regulations, including paragraphs (a), (c), (e), and (f) of section 157.20;

(3) Northern Border filing tariff sheet summaries of the negotiated rate agreements at least 30 days prior to the April 1, 2006, in service contract dates;

(4) Northern Border's compliance with the environmental conditions listed in the appendix to this order; and

(5) Northern Border's executing firm service agreements equal to the level of service represented in its precedent agreements with its customers for service prior to construction.

(C) Northern Border's request for a pre-determination of rolled-in rate treatment is denied without prejudice to Northern Border'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.

(D) Northern Border may commence service at each compressor station as construction is completed at that station.

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

By the Commission.

(S E A L)

Linda Mitry,
Deputy Secretary.

Appendix
Northern Border Pipeline Company
Environmental Conditions

As recommended in the EA, this authorization includes the following conditions:

1. Northern Border shall follow the construction procedures and mitigation measures described in its application and supplement (including responses to staff data requests) and as identified in the environmental assessment (EA), unless modified by this Order. Northern Border 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 and operation of the project. This authority shall allow:

    a. the modification of conditions of this 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**, Northern Border shall file an affirmative statement with the Secretary, certified by senior company officials, 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. Northern Border shall not commence electrical service at Compressor Station 16 **until** Northern Border files with the Commission the comments of the Iowa State Historic Preservation Officer on the planned transmission line to Compressor Station 16 and the Director of OEP advises Northern Border in writing that it may proceed.