

128 FERC ¶ 61,223  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

Transcontinental Gas Pipeline Company, LLC

Docket No. CP09-57-000

ORDER GRANTING ABANDONMENT AUTHORITY AND ISSUING  
CERTIFICATE

(Issued September 3, 2009)

1. On January 30, 2009, Transcontinental Pipe Line Company, LLC (Transco) filed in Docket No. CP09-57-000 an application under sections 7(c) and 7(b) of the Natural Gas Act (NGA)<sup>1</sup> for a certificate of public convenience and necessity authorizing Transco's 85 North Expansion Project, an expansion of its existing pipeline system in its Southern Market area, to provide an additional 308,500 dekatherms per day (Dth/day) of incremental firm transportation service to four shippers. Transco also proposes to abandon six existing compressor units. We will authorize the 85 North Expansion Project, with appropriate conditions, as discussed below.

**I. Background**

2. Transco is a natural gas pipeline company engaged in the transportation of natural gas in interstate commerce by means of its natural gas transmission system extending from its principal sources of natural gas supply in the states of Texas, Louisiana, Mississippi and Alabama and the offshore Gulf of Mexico area, through the states of Georgia, South Carolina, North Carolina, Virginia, Maryland, Pennsylvania and New Jersey, to its termini in the New York City metropolitan area.

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<sup>1</sup> 15 U.S.C. § 717f (b) and (c) (2006), *et seq.*

## II. Proposal

### A. Facilities

3. Transco's proposed project will involve the construction and operation of approximately 22 miles of new pipeline looping facilities on Transco's existing mainlines; a new 20,500 horsepower (hp) compressor station; 43,425 hp of additional compression at five existing compressor stations; minor modifications at three existing compressor stations; and construction or modifications of associated above-ground facilities. The project also will involve the retirement and abandonment of four obsolete compressor units located at Transco's existing Compressor Station No. 100 in Chilton County, Alabama (Compressor Station 100) and two centrifugal compressors located at Compressor Station No. 125 in Walton County, Georgia (Compressor Station 125).

4. Transco states that the project will be constructed in two phases, with 90,000 Dth/day targeted to be placed in service by July 1, 2010, and 218,500 Dth/day targeted to be placed in service by May 1, 2011.<sup>2</sup> Transco states that the first phase of the project will include:

- a) the addition of gas coolers at Compressor Station 80;
- b) a 1,900 hp uprate and improvements to two centrifugal compressors at Compressor Station No. 90; and
- c) a net addition of 16,000 hp at Compressor Station No. 100. This net addition involves the installation of one 42,000 hp electric motor-driven centrifugal compressor unit and the abandonment of four existing compressor units totaling 26,000 hp.

5. Transco states that the second phase of the project will consist of:

- a) the addition of 4.40 miles of 42-inch pipeline loop from Mile Post 919.87 to Mile Post 924.27 on Transco's existing mainline in Coosa County, Alabama;

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<sup>2</sup> A portion of the phase 2 capacity is sourced from 30,000 Dth/day of existing unsubscribed mainline capacity. Specifically, on August 1, 2008, Transco posted and reserved for the project, in accordance with Section 55.2 of the General Terms and Conditions of its FERC Gas Tariff, 30,000 Dth/day of unsubscribed firm mainline capacity in Zone 4 commencing at the discharge side of Compressor Station 70 in Walthall County, Mississippi and terminating at a delivery point to Alabama Gas Company in Chilton County, Alabama.

- b) 9.39 miles of 42-inch pipeline loop in two segments, from Mile Post 1205.85 to Mile Post 1212.53 and from Mile Post 1219.95 to Mile Post 1222.66 on Transco's existing mainline in Spartanburg and Cherokee Counties, South Carolina;
- c) 8.27 miles of 42-inch pipeline loop from Mile Post 1294.60 to Mile Post 1302.87 on Transco's mainline in Iredell and Rowan Counties, North Carolina;
- d) the addition of a 20,500 hp centrifugal compressor unit and gas coolers at Compressor Station No. 110;
- e) a 3,025 hp uprate at Compressor Station No. 115;
- f) a 2,000 hp uprate and two centrifugal compressor replacements (the existing units will be removed and retired) at Compressor Station No. 125;
- g) a new 20,500 hp gas-fired gas-turbined compressor station, designated as Compressor Station No. 135, in Anderson County, South Carolina; and
- h) piping, valve modifications, and/or compressor modifications on Compressor Stations No. 150 and 155.

6. Transco states that the compressor units it proposes to retire were installed in the 1950's and that they are obsolete and difficult to operate and repair. Transco states that by replacing this equipment, Transco and its customers will benefit from the increased reliability and operating efficiency of the new equipment, which translates into fewer maintenance outages, less downtime, and lower operation and maintenance costs.<sup>3</sup>

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<sup>3</sup> Transco states that it recognizes the overall benefits of conserving energy and the importance of considering the installation of cogeneration in conjunction with natural gas facilities, where feasible. Transco states further that there are two critical thresholds that must be met in order to make the installation of cogeneration feasible: each gas turbine must be sea level ISO rated at least 15,000 hp and must be expected to operate at least a 60 percent load factor. Therefore, the only station with a potential for installing waste heat cogeneration facilities is Station 110. At Station 110, and based upon past and current operation of the existing Mars gas turbine, it is likely that the Titan gas turbine proposed for Station 110 may meet INGAA's annual operating hours threshold of 5,250 fired hours.<sup>3</sup> Therefore, Transco requested two different third party waste heat cogeneration developers to assist in the study of the feasibility of waste heat cogeneration at Station 110 and to contact the local electric utility provider to determine the buy back rate for electricity from waste heat recovery. The developers found that the local utility's buy back rate was too low to provide a reasonable return on their investment. Thus, Transco concluded that waste heat recovery was not economically feasible at Station 110

(continued...)

## **B. Rates**

7. Transco states that there is strong market demand for its proposed project. Transco has executed binding precedent agreements with the 85 North Shippers for 100 percent of the incremental firm transportation capacity to be provided by the project. The precedent agreements require the 85 North Shippers and Transco to execute firm transportation agreements with primary terms ranging from fifteen years to twenty years within 30 days of Transco's receipt and acceptance of the authorizations requested herein. The 85 North Shippers can elect to pay either an incremental recourse rate or a negotiated rate.

8. Transco states that the firm transportation service will be rendered pursuant to Rate Schedule FT of Transco's FERC Gas Tariff and Transco's blanket certificate under Part 284, Subpart G of the Commission's regulations. Transco proposes to charge the 85 North Shippers incremental rates to recover the incremental cost of service attributable to the project facilities. However, Transco proposes to allocate the new 42,000 hp compressor unit at Compressor Station 100 between the project shippers and its existing system as follows: 38.1 percent (16,000 hp) to the project and 61.9 percent (26,000 replacement hp) to non-incremental transmission plant.

## **III. Interventions**

9. Notice of Transco's application was published in the *Federal Register* on February 23, 2009 (74 Fed. Reg. 8,078). The parties listed in Appendix A filed timely, unopposed motions to intervene.<sup>4</sup> Numerous federal and state representatives, local producers, and other energy-related companies filed comments in support of Transco's application.

10. The motion to intervene of Piedmont Natural Gas Company, Inc. (Piedmont) included a limited protest. Transco filed an answer to Piedmont's limited protest, and Piedmont filed a withdrawal of its protest on April 1, 2009.

## **IV. Discussion**

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

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at this time. See Transco's *Response to FERC Staff Data Request dated August 3, 2009*, August 11, 2009.

<sup>4</sup> Timely, unopposed motions to intervene are granted by operation of Rule 214, 18 C.F.R. § 385.214 (c) (2009).

**A. Certificate Policy Statement**

12. The Certificate Policy Statement provides guidance as to how we will evaluate proposals for certificating new construction.<sup>5</sup> 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 explained that in deciding whether to authorize the construction of major new pipeline facilities, we balance 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.

13. 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, existing pipelines in the market and their 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, we 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 we 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. To the extent Transco proposes to charge the 85 North Shippers an incremental rate to recover the incremental costs of service attributable to the proposed facilities, existing shippers will not subsidize the project. Further, with respect to Transco's proposal to roll in the portion of the costs it will incur at Compressor Station No. 100 to replace the existing obsolete compressor units, the Certificate Policy Statement recognizes that increasing the rates of existing customers to pay for projects designed to improve the reliability or flexibility of existing service is not a subsidy. Thus, no system shippers will subsidize the project, nor have their existing service adversely affected.

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<sup>5</sup> *Certification of New Interstate Natural Gas Pipeline Facilities*, 88 FERC ¶ 61,227 (1999), *order on clarification*, 90 FERC ¶61,128 (2000), *order on clarification*, 92 FERC ¶61,094 (2000) (Certificate Policy Statement).

15. Next, we find no adverse impacts on existing pipelines in the market or their captive customers because the proposal will provide new incremental service and is not intended to replace existing service on any other existing pipeline. Additionally, no pipeline company has protested Transco's application.

16. Transco proposes to construct the project on its existing pipeline system in its Southern Market area. Transco states that the proposed facilities were designed to utilize, to the maximum extent practicable, existing rights-of-way and areas adjacent to existing rights-of-way. Also, Transco states that most of the project loops and compressor replacements will be installed either entirely within or parallel to existing pipeline and utility rights-of-way. Transco states that it is committed to continuing to work cooperatively with landowners and hopes to negotiate mutually agreeable settlements with all affected landowners. Therefore, there should be minimal adverse economic effects. Accordingly, consistent with the Certificate Policy Statement, we find approval of Transco's proposal to be in the public convenience and necessity.

## **B. Rates**

### **Incremental Rates for Service on the 85 North Expansion Project**

17. Transco's proposed incremental recourse rates are approved as consistent with Commission policy and previous orders approving Transco's certificate applications. The rates are based on 100 percent of the project's design capacity, and reflect the straight fixed-variable method of rate design. Transco plans to construct the project in two phases, with 90,000 Dth/day to be placed in service in Zone 4 by July 1, 2010 (Phase 1), and an additional 218,500 Dth/day to be placed in service in both Zone 4 and Zone 5 by May 1, 2011 (Phase 2).<sup>6</sup> Accordingly, Transco has developed separate costs of service for Phase 1 service in Zone 4, and for Phase 2 service in Zones 4 and 5.

18. The proposed costs of service utilize a depreciation rate of 2.79 percent, including negative salvage, which is the onshore transmission depreciation rate approved by the Commission in Docket No. RP06-569-000, *et al.*<sup>7</sup> In addition, the proposed costs of

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<sup>6</sup> The project will incorporate 30,000 Dth/day of reserved existing capacity as part of the Zone 4 Phase 2 facilities, the cost of which is included in the Phase 2 Zone 4 cost of service. Transco derived the cost of the reserved capacity based on its currently effective rate for transportation service utilizing a receipt point and delivery point in Zone 4 (Zone 4-4 rate).

<sup>7</sup> *Transcontinental Gas Pipe Line Corp.*, 122 FERC ¶ 61,213 (2008). The settlement in Docket No. RP06-569 was a black box settlement which stated the 2.79 percent settlement depreciation rate, including negative salvage, but did not specify a rate of return or most other cost of service components.

service utilize a pre-tax return of 15.34 percent, based on Transco's approved settlement rates in Docket No. RP01-245-000, *et al.*<sup>8</sup>

19. The Phase 1 facilities, consisting of three compressor station upgrades in Zone 4, will enable Transco to perform incremental firm transportation service under Rate Schedule FT from Transco's Station 85 in Choctaw County, Alabama to mainline Alabama delivery points in Zone 4. The proposed Phase 1 incremental Zone 4-4 daily reservation rate is \$0.21675 per Dth, based on a Zone 4 first-year cost of service of \$7,120,385 and incremental Zone 4 billing determinants of 90,000 Dths.<sup>9</sup>

20. The subsequent Phase 2 facilities, consisting of additional compressor station upgrades and looping in Zones 4 and 5, will enable Transco to provide additional transportation from Station 85 in Zone 4 to delivery points in Zone 5. Accordingly, Transco derived the Phase 2 firm incremental rates for Zones 4-4 and 4-5 transportation based on the second-year Zone 4 cost of service and billing determinants, and the first-year Zone 5 cost of service and billing determinants. Upon implementation of Phase 2 of the project, FT transportation service utilizing the facilities will be charged a Zone 4-4 daily reservation rate of \$0.23285, and a Zone 4-5 daily reservation rate of \$0.60601 (equal to the Phase 2 Zone 4-4 rate plus a Zone 5 daily reservation rate of \$0.37316).<sup>10</sup>

21. As we have found incremental rates appropriate for this project, if, in the future, Transco seeks to roll in the costs associated with expansion, Transco will have to demonstrate that such a change in pricing will not result in existing customers subsidizing the expansion.

22. Transco's application does not discuss the applicable rate for interruptible transportation services using the proposed expansion capacity. The Commission's open-access regulations require that jurisdictional pipelines that offer firm transportation service must also offer interruptible transportation service.<sup>11</sup> Accordingly, Transco must offer interruptible transportation service at those times when all of their reserved firm capacity is not being used.

23. Since the expansion capacity will be integrated into Transco's existing system, a project shipper's use of capacity will not be distinguishably assignable to either the existing or expansion facilities on an operational basis. Therefore, consistent with

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<sup>8</sup> *Transcontinental Gas Pipe Line Corp.*, 123 FERC ¶ 61,040 (2008).

<sup>9</sup> Transco's currently effective Zone 4-4 FT daily reservation rate is \$0.21001.

<sup>10</sup> Transco's currently effective Zone 4-5 FT daily reservation rate is \$0.32246.

<sup>11</sup> 18 C.F.R. § 284.9(a) (2009).

*Kern River Gas Transmission Co.*,<sup>12</sup> Transco is directed to charge the otherwise applicable zone rate for any interruptible service rendered on the additional capacity made available as a result of the expansion.

24. Transco has executed binding precedent agreements with shippers for 100 percent of the 308,500 Dth/day total incremental firm capacity to be made available. According to their precedent agreements, the project shippers have the option of receiving FT transportation service at negotiated rates. If Transco charges negotiated rates for the new capacity, Transco must file either its negotiated rate contracts or numbered tariff sheets not less than thirty days and no more than sixty days prior to the commencement of service on the proposed expansion facilities.<sup>13</sup> The tariff filing must state for each shipper the negotiated rate, all applicable charges, the applicable receipt and delivery points, the volume to be transported, the applicable rate schedule for the service, and a statement affirming that the affected service agreements do not deviate in any significant aspect from the form of service agreement in Transco's tariff. Transco is also required to disclose any other agreement, understanding, negotiation, or consideration associated with the negotiated agreements.

25. Issues regarding the allocation of costs and revenues between recourse rate shippers and negotiated rate shippers will be addressed in Transco's future section 4 rate proceedings.<sup>14</sup> The Commission will also require Transco to maintain its accounts for these facilities in accordance with section 154.309 of the Commission's regulations.

26. Transco proposes to apply its generally applicable system fuel retention and electric power rates to the project. Despite Transco's assertion that fuel gas and electric

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<sup>12</sup> *Kern River Gas Transmission Co.*, 117 FERC ¶ 61,077, at P 313-14, 326-338 (2006). See also *Gulf South Pipeline Co., LP*, 122 FERC ¶ 61,162, at P 17 (2008).

<sup>13</sup> Consistent with our standard practice, we will condition our certificate authorization so that construction cannot commence until after Transco executes contracts that reflect the levels and terms of service presented in its precedent agreements.

<sup>14</sup> *Alternatives to Traditional Cost of Service Ratemaking for Natural Gas Pipelines, Regulation of Negotiated Transportation Service of Natural Gas Pipelines*, 74 FERC ¶ 61,076, at p. 61,242 (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 20697 (D.C. Cir. July 20, 1998). *Modification of Negotiated Rate Policy*, 104 FERC ¶ 61,134 (2003); *Order on Rehearing and Clarification*, 114 FERC ¶ 61,042 (2006); *Order Dismissing Rehearing Requests and Denying Requests for Clarification*, 114 FERC ¶ 61,304 (2006).

costs may improve at Compressor Station 100,<sup>15</sup> an increase in compression may increase fuel costs for existing shippers who transport within Zones 4 and 5. Transco's application does not provide any information as to the possible impact the new compression will have on fuel costs or fuel retention levels to existing shippers. Therefore, consistent with previous Commission actions, we will require Transco to separately maintain its accounts for the fuel used by the project and report the results in its first section 4 fuel tracker rate filing after the project is in service demonstrating that existing shippers will not be adversely affected by the inclusion of the project's compression costs in the Zones 4 and 5 fuel rates.

27. Further, the Commission's regulations require pipelines to account separately for the construction costs of incrementally-priced expansion capacity and to compare actual to projected costs in their NGA section 4 general rate proceedings.<sup>16</sup> This accounting will protect existing shippers from cost overruns and from subsidization that might result from under collection of the project's incremental cost of service, as well as help the Commission and parties to the rate proceedings determine the costs of the project. Such an accounting will allow the Commission to identify any material changes in circumstances that would warrant a re-examination of the rate treatment approved in the certificate proceeding in which the expansion project was approved.

28. At least thirty days but not more than sixty days prior to commencing Phase 1 expansion service, Transco must file actual tariff sheets setting forth its Phase 1 incremental recourse rates. At least thirty days but not more than sixty days prior to commencing Phase 2 expansion service, Transco must file actual tariff sheets setting forth its Phase 2 incremental recourse rates.

#### **Allocation of Costs between the 85 North Expansion Project and Transco's Existing Facilities**

29. Transco's 85 North Expansion Project will expand its pipeline system in Zones 4 and 5 in order to provide 308,500 Dths/day of new firm transportation service to four shippers at incremental transportation rates. As part of this expansion, Transco will install a 42,000 hp electrically-driven compressor unit at Transco's existing Compressor Station. Of the total 42,000 hp of compression, 26,000 hp will serve to replace an equal amount of compression to be lost due to the abandonment of four existing compressor units. The remaining 16,000 hp will be used to provide expansion service.

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<sup>15</sup> Transco Answer at 12.

<sup>16</sup> 18 C.F.R. § 154.309 (2009).

30. Transco proposes to allocate the cost of the new unit between its proposed incremental and existing services based on the ratio of hp needed for each category of service to the total hp proposed to be installed at Station 100. Transco requests a predetermination that the costs associated with replacing the existing facilities at Station 100 can be rolled into system rates in a future rate case.

31. We find that Transco has provided a sufficient justification for the need to replace the four existing compressors, and an explanation of the overall cost-efficiency associated with performing needed replacement upgrades at the time it installs the additional compression.<sup>17</sup> We also find that Transco's method of allocation using an hp ratio is reasonable. Finally, as noted above, the Certificate Policy Statement recognizes that increasing existing customers' rates for a project designed to replace existing capacity does not constitute a subsidy and that the costs of such a project may be rolled into the pipeline's system rates. Therefore, consistent with Commission policy and precedent,<sup>18</sup> we will approve Transco's proposed cost allocation proposal and will make a predetermination that Transco may roll in the costs associated with replacing 26,000 hp of compression at Station 100 in its next NGA section 4 rate case, absent a significant change in circumstances.

### C. Environmental Analysis

32. On November 4, 2008, the Commission issued a *Notice of Intent to Prepare an Environmental Assessment for the Proposed 85 North Expansion Project, Request for Comments on Environmental Issues and Notice of Public Meetings and Public Site Visits* (NOI). The NOI was published in the *Federal Register* and was mailed to interested parties, including: federal, state, and local officials; agency representatives; conservation organizations; local libraries and newspapers; and property owners potentially affected by the proposed facilities. Written comments were requested from the public on specific concerns about the proposed project or issues that should be considered during the preparation of the environmental assessment (EA). No agencies indicated their intention to participate as a cooperating agency for the development of this EA.

33. On November 18 and 20, 2008, the staff held public scoping meetings in Alexander City, Alabama and Spartanburg, South Carolina respectively. Additionally, on November 19 and 21, 2008, staff conducted public site visits in Monroe, Georgia and

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<sup>17</sup> See Transco's March 20, 2009 Answer to a subsequently withdrawn protest by Piedmont Natural Gas Co., Inc. Transco explains the need to replace the oldest and most unreliable compression units at Station 100.

<sup>18</sup> See, e.g., *Columbia Gas Transmission Corp.*, 122 FERC ¶ 61,021, at P 32 (2008); and *Florida Gas Transmission Co.*, 115 FERC ¶ 61,140 (2006).

in Mooresville, North Carolina. The Commission also received scoping comments from the U.S. Fish and Wildlife Service, the U.S. Army Corps of Engineers, the U.S. Department of Agriculture and a total of 21 comments from the public. The majority of the scoping comments were in regard to the route alignment, noise from existing compressor stations, and safety concerns.

34. Commission staff prepared an EA for Transco's proposal which was issued for public comment on June 26, 2009. The EA included a summary of the project's stated purpose and need, and an analysis of potential impacts on geology, soils, water resources, wetlands, vegetation, fish and wildlife, threatened and endangered species, land use, recreation, cultural resources, air quality, noise impacts, and alternatives. The EA also addressed all substantive scoping comments. In response to the EA we received two letters from the U.S. Natural Resource Conservation Service and the US Fish and Wildlife Service expressing concurrence with the staff's analysis and conclusions. No other comments were received in response to the issuance of the EA.

35. Based on the discussion in the EA, we conclude that if the described facilities are constructed in accordance with the application and supplements, and in compliance with the environmental conditions in Appendix B to the Order, approval of this proposal would not constitute a major federal action significantly affecting the quality of the human environment.

36. 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 of facilities approved by this Commission.<sup>19</sup>

### **Conclusion**

37. The Commission, on its own motion, received and made a part of the record all evidence, including the application, and exhibits thereto, submitted in support of the authorization sought herein. Upon consideration of the record,

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<sup>19</sup>See, e.g., *Schneidewind v. ANR Pipeline Co.*, 485 U.S. 293 (1988); *National Fuel Gas Supply v. Public Service Comm'n*, 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).

The Commission orders:

(A) A certificate of public convenience and necessity is issued authorizing Transco to construct and operate the 85 North Expansion Project, as described more fully in the order and in the application.

(B) Transco is granted permission and approval under NGA section 7(b) to abandon four existing compressor units totaling 26,000 hp at Compressor Station 100 and two centrifugal compressors at Compressor Station 125.

(C) The certificate issued herein is conditioned on Transco's compliance with all of the applicable regulations under the Natural Gas Act, particularly the general terms and conditions set forth in Parts 154, 157, and 284, and paragraphs (a), (c), (e), and (f) of section 157.20.

(D) Prior to commencing construction, Transco must execute service agreements for the level of service reflected in the precedent agreements submitted in support of its proposal.

(E) Transco's facilities shall be constructed and made available for service within one year of the date of the order in this proceeding in accordance with section 157.20 (b) of the Commission's regulations.

(F) A pre-determination of rolled-in rate treatment for the replacement compression is made as discussed in the body of the order.

(G) Transco must file revised tariff sheets at least 30 days but not more than 60 days prior to commencement of the proposed service, as discussed in the body of the order.

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

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

**Appendix A**

**Motions to Intervene in Docket No. CP09-57-000**

North Carolina Utilities Commission

Consolidated Edison Company of New York, Inc. and Philadelphia Gas Works

SCANA Energy Marketing, Inc.

Southern Company Services, Inc.

Public Service Company of North Carolina, Inc., and South Carolina Electric & Gas Co.

New Jersey Natural Gas Company

PECO Energy Company

NJR Energy Services Company

PSEG Energy Resources & Trade LLC

Washington Gas Light Company

Municipal Gas Authority of Georgia and the Transco Municipal Group

The Patriots Energy Group

National Grid Gas Delivery Companies

Constellation Energy Commodities Group, Inc.

Duke Energy Corporation

Carolina Power & Light Company d/b/a Progress Energy Carolinas

Earl Gilliland

## Appendix B

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

1. Transco shall follow the construction procedures and mitigation measures described in its application and supplements (including responses to staff data requests) and as identified in the environmental assessment, unless modified by the Order. Transco 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 delegated authority to take whatever steps are necessary to ensure the protection of all environmental resources during construction and operation of the project. This authority shall allow:
  - a. the modification of conditions of the Order; and
  - b. the design and implementation of any additional measures deemed necessary (including stop work authority) to assure continued compliance with the intent of the environmental conditions as well as the avoidance or mitigation of adverse environmental impact resulting from project construction and operation.
3. **Prior to any construction**, Transco shall file an affirmative statement with the Secretary, certified by a senior company official, that all company personnel, environmental inspectors, and contractor personnel will be informed of the environmental inspector's authority and have been or will be trained on the implementation of the environmental mitigation measures appropriate to their jobs **before** becoming involved with construction and restoration activities.
4. The authorized facility locations shall be as shown in the EA, as supplemented by filed alignment sheets. **As soon as they are available, and before the start of construction**, Transco 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.

Transco's exercise of eminent domain authority granted under Natural Gas Act section 7(h) in any condemnation proceedings related to the Order must be consistent with these authorized facilities and locations. Transco'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 right-of-way for a pipeline to transport a commodity other than natural gas.

5. Transco 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 extra workspace allowed by the *Upland Erosion Control, Revegetation, and Maintenance Plan*, 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 this certificate and before construction** begins, Transco shall file an Implementation Plan with the Secretary for review and written approval by the Director of OEP. Transco must file revisions to the plan as schedules change. The plan shall identify:

a. how Transco will implement the construction procedures and mitigation measures described in its application and supplements (including responses to staff data requests), identified in the EA, and required by the Order;

b. how Transco will incorporate these requirements into the contract bid documents, construction contracts (especially penalty clauses and specifications), and construction drawings so that the mitigation required at each site is clear to onsite construction and inspection personnel;

c. the number of environmental inspectors assigned per spread, and how the company will ensure that sufficient personnel are available to implement the environmental mitigation;

d. company personnel, including environmental inspectors and contractors, who will receive copies of the appropriate material;

e. the location and dates of the environmental compliance training Transco will give to all personnel involved with construction and restoration (initial and refresher training as the project progresses and personnel change);

f. the company personnel (if known) and specific portion of Transco's organization having responsibility for compliance;

g. the procedures (including use of contract penalties) Transco will follow if noncompliance occurs; and

h. for each discrete facility, a Gantt or PERT chart (or similar project scheduling diagram), and dates for:

i. the completion of all required surveys and reports;

ii. the environmental compliance training of onsite personnel;

iii. the start of construction; and

iv. the start and completion of restoration.

7. Transco shall employ at least one environmental inspector for each of three pipeline loops. The environmental inspector shall be:

a. responsible for monitoring and ensuring compliance with all mitigation 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 (see condition 6 above) 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. Beginning with the filing of its Implementation Plan, Transco shall file updated status reports with the Secretary on a biweekly basis until all construction and restoration activities are complete. On request, these status reports will also be provided to other federal and state agencies with permitting responsibilities. Status reports shall include:

a. an update on Transco's efforts to obtain the necessary federal authorizations;

b. the construction status of the project, work planned for the following reporting period, and any schedule changes for stream crossings or work in other environmentally sensitive areas;

c. a listing of all problems encountered and each instance of noncompliance observed by the environmental inspector(s) during the reporting period (both for the conditions imposed by the Commission and any environmental conditions/permit requirements imposed by other federal, state, or local agencies);

d. a description of the corrective actions implemented in response to all instances of noncompliance, and their cost;

e. the effectiveness of all corrective actions implemented;

f. a description of any landowner/resident complaints which may relate to compliance with the requirements of the Order, and the measures taken to satisfy their concerns; and

g. copies of any correspondence received by Transco from other federal, state, or local permitting agencies concerning instances of noncompliance, and Transco's response.

9. Transco must receive written authorization from the Director of OEP **before commencing service** from each phase of the project. Such authorization will only be

granted following a determination that rehabilitation and restoration of the right-of-way and other areas affected by the project are proceeding satisfactorily.

10. **Within 30 days of placing the certificated facilities in service**, Transco 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 Transco has complied with or will comply with. This statement shall also identify any areas affected by the project where compliance measures were not properly implemented, if not previously identified in filed status reports, and the reason for noncompliance.

11. **Prior to construction**, Transco shall file a Blasting Plan with the Secretary for review and written approval by the Director of OEP. The Blasting Plan should include:

a. procedures for notifying residences prior to blasting; and

b. mitigation measures that would be implemented to avoid damage to residences, structures, and other features such as water wells and existing pipelines.

12. **Prior to construction**, Transco shall file with the Secretary for review and written approval by the Director of OEP, a site-specific crossing plan with mitigation measures for the Pacolet River.

13. Transco shall not begin construction or use any facilities related to the upgrades of existing Compressor Stations 115 and 125 in Georgia, existing Compressor Station 155 in North Carolina, or the Coosa Loop in Alabama, including all staging, storage, or temporary work areas and new or to-be-improved access roads, **until**:

a. Transco files with the Secretary either an avoidance or testing plan for site 1CS15 along the Coosa Loop, and any necessary additional survey or evaluation reports, any required treatment plans, and a revised project-specific unanticipated discovery plan;

b. Transco files with the Secretary comments on plans and reports from the appropriate State Historic Preservation Offices (SHPOs) and interested Indian tribes, including letters from the Georgia and North Carolina SHPOs commenting on the potential for the proposed upgrades at existing Compressor Stations 115, 125, and 155 to affect historic properties;

c. the Advisory Council on Historic Preservation has been given an opportunity to comment if any historic property would be adversely affected; and

d. the Director of OEP reviews and approves all cultural resource survey reports and plans and notifies Transco in writing that avoidance plans or treatment measures may be implemented and/or construction may proceed.

All material filed with the Commission containing **location, character, and ownership** information about cultural resources must have the cover and any relevant pages therein clearly labeled in bold lettering: “**CONTAINS PRIVILEGED INFORMATION - DO NOT RELEASE.**”

14. Transco shall conduct noise surveys at Compressor Stations 80, 90, 100, 150 and 155 to verify that the noise from all the equipment operated at full capacity does not exceed the previously existing noise levels at the nearby noise sensitive areas (NSAs). The results of this noise survey shall be filed with the Secretary **no later than 60 days** after placing the modified units in service. If any of these existing noise levels are exceeded, Transco shall, **within 1 year of the in-service date**, implement additional noise control measures to reduce the operating noise level at the NSAs to or below the previously existing noise level. Transco shall confirm compliance with this requirement by filing a second noise survey with the Secretary **no later than 60 days** after it installs the additional noise controls.

15. Transco shall file noise surveys with the Secretary **no later than 60 days** after placing the authorized units at Compressor Station 110, 115, and 125 in service. If the noise attributable to the operation of the new units at the station at full load exceeds a day-night noise level (Ldn) of 55 dBA at any nearby NSAs, Transco shall install additional noise controls to meet that level **within 1 year of the in-service date**. Transco shall confirm compliance with the Ldn of 55 dBA requirement by filing a second noise survey with the Secretary **no later than 60 days** after it installs the additional noise controls.