

147 FERC ¶ 61,091
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Acting Chairman;
Philip D. Moeller, John R. Norris,
and Tony Clark.

Transcontinental Gas Pipe Line Company, LLC

Docket Nos. CP11-551-001
and RP12-993-003

ORDER ON REHEARING

(Issued May 2, 2014)

1. On February 7, 2013, the Commission issued an order approving Transcontinental Gas Pipe Line Company, LLC's (Transco) request under section 7(b) of the Natural Gas Act (NGA)¹ and Part 157 of the Commission's regulations² to abandon four of its seven natural gas storage caverns at the Eminence Salt Dome Storage Field (Eminence Storage Field) near Seminary, Covington County, Mississippi.³

2. Timely requests for clarification or, in the alternative, rehearing of the February 7 Order were filed jointly by the North Carolina Utilities Commission, the New York Public Service Commission, the Pennsylvania Office of Consumer Advocate, the New Jersey Board of Public Utilities, and the Maryland Office of People's Counsel (collectively, State Agencies) on March 8, 2013, and by Transco on March 11, 2013. As discussed below, this order grants Transco's alternative requests for rehearing and dismisses the State Agencies' alternative requests for clarification or rehearing as moot.

¹ 15 U.S.C. § 717f(b) (2012).

² 18 C.F.R. pt. 157 (2013).

³ *Transcontinental Gas Pipe Line Company, LLC*, 142 FERC ¶ 61,095 (2013) (February 7 Order).

I. Background

3. Transco's Eminence Storage Field was originally certificated in the early 1970s to include four salt caverns, Caverns 1, 2, 3, and 4.⁴ In 1991, Transco received additional certificate authority to expand the storage field to include Caverns 5, 6, and 7, which significantly increased the field's total capacity.⁵ The 1991 proceeding authorized Transco to operate the Eminence Storage Field with a total field capacity limitation and to exceed the field's total capacity limitation by up to 15 percent on a temporary basis in any one year.⁶

4. Transco uses the Eminence Storage Field to provide (1) operating flexibility to its pipeline system and (2) open-access Part 284 storage services under Rate Schedule ESS (Eminence Storage Service); and Rate Schedule EESWS (Emergency Eminence Storage Withdrawal Service).⁷

5. On September 29, 2011, Transco requested authority to abandon Caverns 1, 2, 3, and 4 at the Eminence Storage Field due to a loss in the caverns' integrity.⁸ Whereas the Eminence Storage Field had a certificated maximum operating pressure of 3,800 pounds per square inch absolute (psia) for the field as a whole, Transco, in its September 29, 2011 filing, proposed to establish 3,600 psia as the certificated maximum operating pressures for Caverns 5 and 6, and 2,775 psia for Cavern 7. Transco stated that abandonment of Caverns 1-4 and the proposed maximum operating pressures for Caverns 5-7 would reduce the total storage capacity of the Eminence Storage Field by 5.475 Bcf and the storage deliverability by 300 MMcf per day. Thus, Transco requested amendment of its certificate authority for the Eminence Storage Field to reduce its total certificated storage capacity from 20.5 Bcf to 15.025 Bcf, including 10.05 Bcf of working

⁴ *Transcontinental Gas Pipe Line Corp.*, 43 FPC 100 (1970); *Transcontinental Gas Pipe Line Corp.*, 47 FPC 1018 (1972).

⁵ *Transcontinental Gas Pipe Line Corp.*, 55 FERC ¶ 61,078 (1991), *order granting reh'g and clarification*, 55 FERC ¶ 61,443 (1991).

⁶ *Transco*, 55 FERC ¶ 61,443 at 62,326.

⁷ EESWS is a withdrawal service for back-up supply during *force majeure* events.

⁸ For a full description of the events leading up to and describing the loss of the caverns' integrity, *see* February 7 Order, 142 FERC ¶ 61,095 at PP 8-18.

gas capacity and 4.975 Bcf of base gas capacity,⁹ and to reduce the storage field's certificated deliverability from 1,500 MMcf per day to 1,200 MMcf per day.¹⁰

6. To accomplish the proposed abandonment, Transco proposed to convert nine pilot wells constructed under its Part 157 blanket certificate emergency authority to observation wells; plug and abandon two observation wells; remove above-ground piping and related facilities connecting Caverns 1, 2, 3, and 4 to the station yard; install pressure gauges to monitor pressure in the abandoned caverns; install four 210-barrel tanks and related facilities to collect water that flows back from each cavern due to salt creep; install flow meters to record the water volume in each cavern; and plug and abandon the wells in Caverns 1, 2, 3, and 4 once the caverns have stabilized.¹¹

7. In light of the reductions in storage capacity and deliverability that would result from the abandonment proposal, Transco also sought Commission approval to reduce the total Storage Capacities and total Storage Demand Quantities available to customers under Rate Schedules ESS and EESWS. Additionally, Transco sought approval to amend its existing service agreements under these rate schedules, including service agreements for released capacity, so that its contractual obligations will not exceed the reduced levels of storage capacity and withdrawal capability that will be available for these services. Transco asserted that its ongoing NGA section 4 rate case in Docket No. RP12-993-000 is the appropriate forum for addressing all rate consequences of its abandonment proposal in this proceeding.

8. The February 7 Order approved Transco's request to abandon Caverns 1, 2, 3, and 4, and granted its request for amendment of its certificate authority to reduce the authorized total capacity of the Eminence Storage Field from 20.5 Bcf to 15.025 Bcf, including 10.05 Bcf of working gas and 4.975 Bcf of base gas.¹² To accomplish the abandonment of Caverns 1-4 and to ensure the integrity of the storage field using Caverns 5-7, the February 7 Order imposed various engineering and environmental conditions

⁹ Transco's December 6, 2011 Response to November 16, 2011 Engineering Data Request, Question No. 2; Transco's Application at 16.

¹⁰ *Id.*

¹¹ Water will free-flow out of the caverns into the barrel tanks until the water in the caverns has reached stable temperatures. Transco estimates it will take up to 20 years before the wells can be safely plugged and abandoned.

¹² See February 7 Order, 142 FERC ¶ 61,095 at P 57, Table III, Ordering Paragraph (B), and Engineering Condition 9.

that, as relevant to issues raised on rehearing: (1) determined the facility's total peak injection rate; (2) required Transco to conduct an annual inventory verification study on each of Caverns 5-7; and (3) required Transco to file semiannual reports coinciding with the termination of injection and withdrawal cycles for each of Caverns 5-7; and (4) imposed groundwater monitoring and reporting requirements relating to the abandonment of Cavern 3.

9. The February 7 Order also determined that Transco's then-ongoing rate case in Docket No. RP12-993 provided "an appropriate and effective forum to examine the cost allocation and rate design issues raised by Transco's abandonment of facilities and storage capacity at the Eminence Storage Field and Transco's emergency response measures at the facility."¹³ Specifically, the February 7 Order stated the rate proceeding would address Transco's requests to recover an estimated \$76 million in costs related to its abandonment proposal, adjust the amount of capacity needed for system flexibility, and change its system gas requirements.

10. On August 27, 2013, Transco filed a Stipulation and Agreement (2013 Agreement) to settle and resolve all rate issues in Docket Nos. RP12-993-000 and RP12-993-001. On September 30, 2013, the Presiding Administrative Law Judge certified the 2013 Agreement to the Commission as uncontested.¹⁴ On December 6, 2013, the Commission approved the 2013 Agreement.¹⁵ The Commission determined that the 2013 Agreement resolved the cost allocation and rate design issues raised by Transco's abandonment of facilities and storage capacity at the Eminence Storage Field.¹⁶

II. Discussion

11. Transco requests clarification or, in the alternative, rehearing of several of the engineering and environmental conditions in the February 7 Order, including: (1) the certificated working gas capacity and operating parameters for Cavern 7; (2) the total peak injection rate; (3) the requirement to conduct an annual inventory verification study on each of Caverns 5-7; and (4) the requirement to file semiannual reports coinciding with the termination of injection and withdrawal cycles for each of Caverns 5-7. Transco also requests that the Commission set a specific duration of time that it must comply with

¹³ February 7 Order, 142 FERC ¶ 61,095 at P 80.

¹⁴ *Transcontinental Gas Pipe Line Company, LLC*, 144 FERC ¶ 63,029 (2013).

¹⁵ *Transcontinental Gas Pipe Line Company, LLC*, 145 FERC ¶ 61,205 (2013).

¹⁶ *Id.* P 3.

the February 7 Order's groundwater monitoring and reporting requirement relating to the abandonment of Cavern 3. In addition, State Agencies' request that we clarify their right to examine and question abandonment costs in the ongoing rate case.

A. Request to Revise the Eminence Storage Field's Working Gas Capacity and Operating Parameters

12. The February 7 Order approved Transco's request to revise the operating parameters for the Eminence Storage Field. Specifically, the order stated that "Transco requests amendment of its certificate authority for the Eminence Storage Field to reduce its total certificated storage capacity from 20.5 Bcf to 15.025 Bcf, including 10.05 Bcf of working gas capacity and 4.975 Bcf of base gas capacity"¹⁷

13. Transco now states that the February 7 Order overstated the working gas capacity requested by Transco by 2,000 thousand cubic feet (Mcf) and understated the base gas capacity by 2,000 Mcf either due to a rounding error or an incorrect application of the dekatherms per thousand cubic feet (Dth/Mcf) conversion factor. Transco clarifies that it requested to reduce the total maximum certificated capacity of the Eminence Caverns 5, 6, and 7 to 15.551 MMDth (comprising 10.4 MMDth of working gas and 5.151 MMDth of base gas), which equates to 15.025 Bcf (comprising 10.048 Bcf of working gas and 4.977 Bcf of base gas) based on the conversion factor of 1.035 Dth/Mcf as specified in section 23(b) of the General Terms and Conditions of Transco's FERC Gas Tariff.¹⁸ Transco confirms that it based its revised Storage Quantity and Storage Demand Quantities for its Rate Schedule ESS and EEWS customers on 15.025 Bcf.

14. Transco requests clarification or, in the alternative, rehearing of the amount of working gas capacity certificated by the February 7 Order. Specifically, Transco requests that the Commission revise the operating parameters reflected in Table III, Ordering Paragraph (B), and Engineering Condition 9 in the February 7 Order to provide that the certificated operating limits for the Eminence Storage Field are for a total capacity of 15,025 MMcf, comprising 10,048 MMcf of working gas capacity and 4,977 MMcf of base gas capacity. Transco states that this correction would result in a revision of the calculated operating limits for Cavern 7, resulting in a Working Gas Capacity of 3,233

¹⁷ See February 7 Order, 142 FERC ¶ 61,095 at P 19 (citing Transco's December 6, 2011 Response to November 16, 2011 Engineering Data Request, Question No. 2; Transco's Application at 16). See also February 7 Order, 142 FERC ¶ 61,095 at P 57, Table III, Ordering Paragraph (B), and Engineering Condition 9.

¹⁸ Transco cites to its Application at 16 and its December 6, 2011 Response to November 16, 2011 Engineering Data Request, Question 2.

MMcf (reduced from 3,235 MMcf) and a Cushion Gas Capacity of 1,939 MMcf (increased from 1,937 MMcf), for a total capacity of 5,172 MMcf for Cavern 7.

Commission Response

15. Transco is not requesting rehearing or clarification on the total, working, or cushion gas capacities of Caverns 5 or 6, nor is it questioning the February 7 Order's determination of the total cavern capacity limit of 5,172 MMcf for Cavern 7. However, Transco requests that the Commission grant clarification or, in the alternative, rehearing regarding the working gas and cushion gas capacities of Cavern 7, which affects the overall working and cushion gas capacity values of the Eminence Storage Field as a whole.

16. We disagree with Transco that the February 7 Order overstated the working gas capacity and understated the cushion gas capacity by 2,000 Mcf either due to a rounding error or an incorrect application of the Dth/Mcf conversion factor. In two separate data requests, Commission staff asked Transco to state its proposed working and cushion gas capacity for Caverns 5, 6, and 7 after the abandonment of Caverns 1-4, and to state the new reduced maximum pressure for Cavern 7.¹⁹ In response to each data request, Transco stated that it was requesting a total capacity of 15,025 MMcf for the Eminence Storage Field as a whole and was not requesting individual cavern limits.²⁰ As a result, the Commission estimated the working and cushion gas capacities for each cavern based on the volume and pressure information provided in Transco's data responses. The Commission estimated that Cavern 7's cavern capacity limit is 5,172 MMcf, including 3,235 MMcf working gas capacity and 1,937 MMcf cushion gas capacity.

17. However, we acknowledge that Commission could have arrived at slightly different volumes than those Transco calculated, because of certain engineering

¹⁹ See Commission staff's November 16, 2011, Engineering Data Request on Eminence Abandonment, Question Nos. 1 and 2; and Commission staff's April 5, 2012, Engineering Data Request #2 on Eminence Abandonment, Question No. 1.

²⁰ See Transco's December 7, 2011 Response to November 16, 2011 Engineering Data Request, Question Nos. 1 and 2; Transco's April 25, 2012, Response to staff's April 5, 2012 Engineering Data Request #2, Question No. 1. Transco provided total capacity, working gas capacity, and cushion gas capacity limits for each of Caverns 5-7 based on sonar surveys conducted in 2011. However, Transco stated that it was not seeking certificate authority for the individual cavern limits; rather, it sought certificate capacity for storage field as a whole. See Transco's April 25, 2012, Response to staff's April 5, 2012 Engineering Data Request #2, Question No. 1

assumptions that were made based on Transco's data responses and/or because of the types of mathematical correlations used by the Commission – especially in the determination of the gas deviation factor (commonly known as the z-factor). We find that the magnitude of error between Transco's requested correction and our original calculation is less than 0.07 percent. Therefore, we will grant Transco's request for rehearing and revise the working and cushion gas capacities of Cavern 7, and the combined working and cushion gas capacities for the Eminence Storage Field, in Table III, Ordering Paragraph (B), and Engineering Condition 9.

B. Peak Injection Rate

18. Engineering Condition 10 of the February 7 Order states that “[t]he peak deliverability of the total facility shall be 1,200 MMcf per day and the total facility peak injection rate shall be 144.6 MMcf per day.”²¹ On rehearing, Transco states that it did not propose to revise Eminence Storage Field's peak injection rate.²² Transco states that the Eminence Storage Field is designed to accommodate the total daily injection entitlements allocated to the Rate Schedules ESS and EESWS customers, or 144.6 MMcf. Transco contends that the 144.6 MMcf per day “total facility peak injection rate” specified in the February 7 Order's Engineering Condition 10 is inconsistent with the existing design and operation of the injection facilities at the Eminence Storage Field and the maximum injection entitlement that Transco can achieve at the field.

19. Transco explains that as inventory in a storage cavern increases, cavern pressure also increases, which results in reduced injection capability. Transco states that the Eminence Storage Field's caverns therefore were designed so that Transco could inject its Rate Schedules ESS and EESWS customers' maximum entitlement of 144.6 MMcf per day when inventory is almost at maximum levels and cavern pressures are highest, i.e. on the last day of the injection cycle. Transco explains that when the caverns are at less than maximum inventory, it can inject at rates in excess of 144.6 MMcf per day, which provides operating flexibility. Thus, Transco states, the “total facility peak injection rate” limitation of 144.6 MMcf per day does not refer to the maximum amount of gas that Transco is capable of injecting into storage *every* day, but rather the maximum amount of gas that those customers are entitled to have injected into storage on the day when inventory has almost reached maximum levels, cavern pressures are at their highest, and Transco's injection capability is at its lowest, i.e. on the *last* day of the injection season.

²¹ February 7 Order, 142 FERC ¶ 61,095 at Table III and Engineering Condition 10.

²² Application at Exhibit V.

Transco requests that the Commission clarify or, in the alternative, grant rehearing of Engineering Condition 10 so that the certificated total peak injection rate is 144.6 MMcf per day on the last day of injection.

Commission Response

20. We find Transco's explanation convincing. The intent of Engineering Condition 10 was not to restrict Transco's total injection entitlements allocated to its Rate Schedule ESS and EESWS customers. Accordingly, we grant rehearing to replace Engineering Condition 10 with a condition that states that "the total peak injection rate shall be 144.6 MMcf on the last day of injection."

C. Annual Inventory Study

21. Engineering Condition 8 of the February 7 Order states that "Transco shall conduct an annual inventory verification study on each cavern of Caverns 5-7 and file the results with the Commission as part of that period's semi-annual or annual report." Transco asserts that Engineering Condition 8 is impracticable with the current configuration of the facilities at the Eminence Storage Field.

22. Transco recognizes that Engineering Condition 8 is a standard condition included in Commission orders approving salt dome natural gas facilities.²³ However, Caverns 5, 6, and 7 do not have individual measurement facilities. Transco explains that it performs an annual inventory verification program for the Eminence Storage Field through a central metering facility.²⁴ Therefore, Transco states that it currently cannot determine the flows into and out of each cavern for use in the annual inventory verification as required by Engineering Condition 8. However, as a result of the February 7 Order, Transco plans to install individual measurement facilities on Caverns 5, 6, and 7 that will be in service around June 2014.

23. Transco requests that the Commission clarify or, in the alternative, grant rehearing of Engineering Condition 8 so that Transco may conduct the annual inventory

²³ Transco's Rehearing at n. 5.

²⁴ For its annual inventory program, Transco states that each cavern is shut in for approximately one week after which gauges are run into the caverns to measure pressure and temperature. Based on the data, gas volume is calculated for the field. Transco compares the volume with the previous year's accounting balance and with the previous year's physical balance to determine the loss or gain for the field.

verification study using the central measurement facilities at the field until Transco installs individual measurement facilities on Caverns 5, 6, and 7.

Commission Response

24. In its request for rehearing, Transco states that plans to install individual measurement facilities on each of Caverns 5, 6, and 7 by June 2014. Therefore, we will modify Engineering Condition 8 to require that Transco complete installation of individual measurement facilities at Caverns 5-7 by July 1, 2014, and permit Transco's use of its current inventory verification method until that time.

D. Termination of the Injection and Withdrawal Cycles Report

25. Engineering Condition 13 of the February 7 Order states, in part, that:

Transco shall file semiannual reports for each cavern of Caverns 5-7 (to coincide with the termination of the injection or withdrawal cycles), containing the following information (volumes shall be stated at 14.73 psia and 60°F):

- a. the daily volume of natural gas injected and withdrawn;
- b. the inventory of natural gas and shut-in wellhead pressure for each cavern at the end of the reporting period;

Transco states that compliance with Engineering Conditions 13, 13a, and 13b also is impracticable with the current configuration of the facilities and with the services provided at the Eminence Storage Field.

26. First, Transco states that it cannot comply with Engineering Condition 13's requirement to file semiannual reports that "coincide with the termination or the injection or withdrawal cycles." Transco explains that under its Rate Schedules ESS and EESWS, there is no specific injection or withdrawal cycle; customers schedule injections and withdrawals from the Eminence Storage Field on a year-round basis. Therefore, Transco requests that the Commission revise Engineering Condition 13 to allow Transco to file semiannual reports for each of Caverns 5-7 "coinciding with the periods ending September 30 and March 31." Transco proposes to file the semiannual reports on May 1 and November 1, when it files the semi-annual reports required by Engineering Condition 7 to summarize the results of its cavern integrity monitoring plan.

27. Second, as discussed above, as Cavern 5-7 are not yet equipped with individual meters, Transco presently cannot comply with Engineering Condition 13a's requirement to report for each of Caverns 5, 6, and 7 "the daily volume of gas injected and withdrawn." Therefore, Transco requests that it be allowed, until it completes the

installation of individual cavern meters, to report the daily volume of natural gas injected and withdrawn based on the central measurement facilities at the field.

28. Finally, Transco seeks clarification of Engineering Condition 13b's requirement that Transco report the shut-in wellhead pressure for each of Caverns 5, 6, and 7 "at the end of the reporting period" As explained above, the Eminence Storage Field does not have a specific injection or withdrawal cycle, and Transco states that operational issues could be presented by shutting in the well at each cavern to determine the shut-in wellhead pressure for a specific cavern, on a specific date. Therefore, Transco requests that Engineering Condition 13b be revised to allow the shut-in wellhead pressure for each cavern be "determined within the fifteen days immediately preceding the end of the reporting period." Transco states that "the end of the reporting period" would occur on September 30 and March 31 of each year.

Commission Response

29. Transco may utilize its current measurement method to determine inventory verification until July 1, 2014, by which time Transco has committed to completing installation of individual cavern measurement facilities. We will also modify Engineering Condition 13 to allow Transco to coordinate its required reports with its operations by submitting semiannual reports by May 1 and November for the six-month periods ending March 31 and September 30, and measuring the shut-in wellhead pressure for each cavern within the last fifteen days of the semiannual reporting periods.

E. Ground Water Monitoring and Reporting

30. The Commission's Environmental Assessment (EA) analyzed the possibility that gas may have migrated into groundwater aquifers as a result of leaks at the Eminence Storage Field involving the caverns being abandoned.²⁵ Transco prepared groundwater flow contour maps that show the direction of ground water flow to the southeast direction from the Eminence Storage Field. The results of Transco's sampling for public water-supply wells and for selected private wells identified a few water wells with any detectable levels of methane. While the EA could not conclusively determine the origins of the methane detected in the water wells, the hydrocarbon analysis comparison did not conclusively rule out the Eminence Storage Field as a possible methane source.²⁶

²⁵ February 7 Order, 142 FERC ¶ 61,095 at P 82, citing EA at p. 15.

²⁶ February 7 Order, 142 FERC ¶ 61,095 at P 87.

31. Therefore, Environmental Condition 4 of the February 7 Order required Transco to file a groundwater monitoring plan and conduct quarterly monitoring and reporting for methane in the Citronelle and the Upper and Lower Catahoula aquifers.²⁷ Environmental Condition 5 of the February 7 Order states that groundwater monitoring and reporting required by Environmental Condition 4 shall continue “for one year following the abandonment and removal of cavern 3 and the removal of natural gas from the caprock and the aquifers.”

32. Transco requests that the Commission provide a more definitive deadline for the duration of the groundwater monitoring plan and reporting period, since Transco states that abandonment of Cavern 3 will not be complete until all of its recoverable gas has been removed and the cavern is filled with water, which Transco estimates could take up to 20 years.²⁸ Transco states that it will monitor all four of the caverns being abandoned until the water in each cavern reaches a stable temperature and pressure, in accordance with State Oil and Gas Board of Mississippi requirements. Once a cavern reaches a stable temperature and pressure, Transco states that it will conduct tests to determine the feasibility of plugging the cavern wellbore.²⁹

33. Transco also states that it will not be able to completely remove all of the natural gas from the caprock or from the Citronelle and the Upper and Lower Catahoula aquifers as required by Environmental Condition 5. In its filed request for rehearing, Transco states that it will remove as much gas as possible from the caprock and aquifers; however, it will not be able to extract all of the natural gas “due to the existence of some gas in solution”³⁰

34. Transco requests that the Commission clarify Environmental Condition 5 to state that “for one year following the physical abandonment of Cavern 3 and the removal of natural gas from the caprock and the aquifers, i.e. when gas stops flowing into the

²⁷ Transco filed several revised versions of its proposed groundwater monitoring plan (Environmental Condition 4). The Commission’s Office of Energy Project issued a letter on August 27, 2013 in Docket No. CP11-551-000 accepting Transco’s revised plan filed on August 26, 2013.

²⁸ Application at 11-12.

²⁹ Application at 15.

³⁰ Transco’s Request for Rehearing at 13.

systems and wells in place for that purpose.”³¹ Absent clarification, Transco argues that the time period for groundwater monitoring and reporting could occur indefinitely.

Commission Response

35. Given Transco’s explanation of the timeframe necessary to abandon Cavern 3 (10-20 years), we agree that providing a finite duration for the monitoring period is appropriate. We also accept Transco’s explanation that it likely will not be possible to remove all the gas from the caprock and the aquifers. Because the facilities required for monitoring are situated at a location hydraulically downgradient of Transco’s Eminence Storage facility and the cavern release, we will grant rehearing, with qualification, to modify Environmental Condition 5. Transco will only be required to continue the quarterly groundwater monitoring and reporting for five years following the completion of the physical abandonment of Cavern 3 and the removal of natural gas, to the extent practicable, from the caprock and the aquifers, i.e. when gas stops flowing into the systems and wells in place for that purpose. We will evaluate the methane concentrations detected during this five-year timeframe. If monitoring does not indicate any positive (upward) trends in methane concentrations at any of the monitoring locations, Transco may discontinue sampling five years after gas is no longer flowing. However, if monitoring shows a positive trend in methane concentrations, notwithstanding that no gas has been flowing for five years, then monitoring will be extended until the Commission can verify that such trends reverse toward and equilibrate at background (pre-event) conditions (essentially non-detect for dissolved methane).

F. Rate Treatment of Abandonment-Related Costs

36. The February 7 Order determined that Transco’s then pending NGA section 4 rate case in Docket No. RP12-993-000 was the appropriate forum for addressing all of the cost allocation and rate design issues relating to Transco’s estimated \$76 million in costs for its emergency response measures at the Eminence Storage Field and to implement its proposal to abandon Caverns 1-4.³² State Agencies request clarification or, in the alternative, rehearing of the February 7 Order’s statement that “the ongoing rate case in Docket No. RP12-993 provides an appropriate and effective forum to examine the cost allocation and rate design issues ...” (emphasis added). State Agencies argue that by stating that the forum will be “effective,” the Commission is prejudging the probity of evidence for the Eminence Storage Field’s rate case. State Agencies aver that by calling the rate case an “effective forum,” the Commission failed to take into account the

³¹ Event Summary and Response Plan filed March 5, 2012 at 11-12.

³² February 7 Order, 142 FERC ¶ 61,095 at PP 64 and 80.

procedural schedule for the rate case,³³ and failed to take into account the fact that Transco cannot complete its investigation of the Eminence Storage Field's failure. State agencies point out that the February 7 Order found that "Transco is currently in the process of constructing its relief well into Cavern 3," and "[u]ntil that well is drilled and the cavern filled with water, ensuring that all gas has been removed, Transco cannot begin to investigate the cause of the incident."³⁴

37. State Agencies argue that since it will be years before Transco can complete its investigation of the cause of the Eminence Storage Field's failure, the Commission should clarify its finding that the ongoing rate case will be an effective forum to challenge all aspects of any costs arising from, or attributable to, Transco's emergency activities and abandonment of facilities at the Eminence Storage Field. Specifically, State Agencies request that the Commission clarify that it did not intend to prejudge any issue related to Eminence costs or to relieve Transco of its statutory burden of proof to demonstrate the prudence of all costs recovered through rates.

Commission Response

38. State Agencies filed on March 7, 2013, for rehearing of the February 7 Order approving Transco's abandonment proposal in this docket. All of the state agencies represented by State Agencies were parties to Transco's rate proceeding in Docket No. RP12-993.³⁵ On August 27, 2013, Transco filed its uncontested 2013 Agreement that settled and resolved all issues in Docket No. RP12-993, including those related to the Eminence Storage Field.³⁶ Therefore, we will dismiss as moot the cost allocation and rate issues raised by State Agencies in their rehearing request in this proceeding relating to Transco's emergency and abandonment activities at the Eminence Storage Field.

³³ The rate case establishes June 18, 2013, as the deadline for filing comments and motions to intervene and the hearing commences September 24, 2013.

³⁴ February 7 Order, 142 FERC ¶ 61,095 at P 40.

³⁵ See State Agencies' March 8, 2013 request for rehearing in Docket No. CP11-551-001 at n. 1. As identified herein and in their rehearing request, State Agencies include the North Carolina Utilities Commission, the New York Public Service Commission, the Pennsylvania Office of Consumer Advocate, the New Jersey Board of Public Utilities, and the Maryland Office of People's Counsel.

³⁶ *Transcontinental Gas Pipe Line Company, LLC*, 145 FERC ¶ 61,205.

The Commission orders:

(A) Transcontinental Gas Pipe Line Company, LLC’s March 11, 2013 request for rehearing is granted.

(B) The North Carolina Utilities Commission’s, the New York Public Service Commission’s, the Pennsylvania Office of Consumer Advocate’s, the New Jersey Board of Public Utilities’, and the Maryland Office of People’s Counsel’s March 3, 2013 request for rehearing is dismissed as moot.

(C) Rehearing is granted as follows:

(1) The certificated operating limits approved by the February 7 Order for the Eminence Storage Field are amended to decrease Cavern 7’s and the field’s working gas capacity by 2,000 Mcf and increase Cavern 7’s and the field’s base gas capacity by 2,000 Mcf, as reflected in the following table:

Eminence Storage Field Cavern Operating Limits

		Certificate Operating Limits			
		Cavern 5	Cavern 6	Cavern 7	Facility
Total Capacity, MMcf		5,727	4,126	5,172	15,025
Working Gas Capacity, MMcf		3,961	2,854	3,233	10,048
Cushion (base) Gas Capacity, MMcf		1,766	1,272	1,939	4,977
Maximum pressure at casing shoe, psia		3,600	3,600	2,775	
Minimum Pressure at casing shoe, psia		1,115	1,115	1,115	
Deliverability, MMcf per day					1,200
Injection, MMcf per day (on the last day of injection)					144.6

(2) Engineering Condition 9 in the February 7 Order is replaced by the following condition:

The following parameters apply to the Eminence Salt Cavern Storage Field facility and shall not be altered without prior Commission authorization:

	Cavern 5	Cavern 6	Cavern 7	Facility
Total Capacity	5,727 MMcf	4,126 MMcf	5,172 MMcf	15,025 MMcf
Working Gas Capacity	3,961 MMcf	2,854 MMcf	3,233 MMcf	10,048 MMcf
Cushion (base) Gas Capacity	1,766 MMcf	1,272 MMcf	1,939 MMcf	4,977 MMcf
Maximum pressure at casing shoe	3,600 psia	3,600 psia	2,775 psia	
Minimum Pressure at casing shoe	1,115 psia	1,115 psia	1,115 psia	

(3) Engineering Condition 10 in the February 7 Order is replaced by the following condition:

The peak deliverability of the total facility shall be 1,200 MMcf per day and the total peak injection rate shall be 144.6 MMcf per day (on the last day of injection).

(4) Engineering Condition 8 in the February 7 Order is replaced by the following condition:

Transco shall conduct an annual inventory verification study on the Eminence Storage Field based on the current measurement facilities at the field until July 1, 2014, at which time individual measurement facilities must be installed. After July 1, 2014, Transco shall conduct an annual inventory verification study on each cavern of Caverns 5-7. Transco shall file the results with the Commission as part of that period's semi-annual or annual report.

(5) Engineering Condition 13 in the February 7 Order is replaced by the following condition:

Transco shall file semiannual reports for each of Caverns 5-7 (coinciding with the periods ending September 30 and March 31), containing the following information (volumes shall be stated at 14.73 psia and 60°F):

- a. the daily volume of natural gas injected and withdrawn based on: (i) the central measurement facilities at the field until July 1, 2014, and (ii) individual measurement facilities on Caverns 5-7 after July 1, 2014;

- b. the inventory of natural gas and shut-in wellhead pressure for each cavern determined within the fifteen days immediately preceding the end of the reporting period;
- c. the maximum daily injection and withdrawal rates experienced for the entire storage field during the reporting period;
- d. the average working pressure on such maximum days taken at a central measuring point where the total volume injected or withdrawn is measured;
- e. the results of any tests performed to determine the actual size, configuration, or dimensions of the storage caverns;
- f. a discussion of current operating problems and conclusions;
- g. other data or reports which may aid the Commission in the evaluation of the storage project; and
- h. the results of leak detection tests performed during storage operations to determine the integrity of each cavern/wellbore, casing, and wellhead.

The report for the six-month period ending September 30 shall be filed by November 1 and the report for the six-month period ending March 31 shall be filed by May 1.

(6) Environmental Condition 5 in the February 7 Order is replaced by the following condition:

Transco shall continue quarterly groundwater monitoring for methane for a period of five years (20 quarterly events) following the completion of the physical abandonment of Cavern 3 and the removal of natural gas to the extent practicable from the caprock and the aquifers, i.e. when gas stops flowing into the systems and wells in place for that purpose to ensure that a sufficient sample set is collected and evaluated. Provided, however, that if

methane concentrations detected show a positive trend, monitoring shall be extended for a period to be determined by the Commission.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.