

148 FERC ¶ 61,121  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

Southeast Supply Header, LLC

Docket No. CP14-87-000

ORDER ISSUING CERTIFICATE

(Issued August 14, 2014)

1. On February 20, 2014, Southeast Supply Header, LLC (SESH) filed an application under section 7(c) of the Natural Gas Act (NGA) and Part 157 of the Commission's regulations, seeking authorization to increase the design capacity of the SESH mainline to provide an additional 45,000 dekatherms per day (Dth/d) of firm transportation service and to construct and operate a new booster compressor station and appurtenant facilities in Copiah County, Mississippi (SESH Expansion Project). For the reasons discussed below, we will grant the requested authorization, subject to conditions.

**I. Proposal**

2. SESH is a natural gas company subject to the Commission's jurisdiction under section 2(6) of the NGA. SESH's transmission system extends from the Perryville Hub near Delhi, in northeastern Louisiana through the States of Mississippi and Alabama, to its principal terminus at an interconnection with Gulfstream Natural Gas System, L.L.C. near Coden, Alabama.

**A. Pressure Agreement**

3. SESH proposes to increase the design capacity of its mainline between Delhi, Louisiana and Coden, Alabama, to provide an additional 45,000 Dth/d of firm transportation service, resulting in a mainline system able to transport on a firm basis a total of approximately 1,070,000 Dth/d. To increase the design capacity of SESH's mainline, Enable Gas Transmission, LLC (Enable) has agreed to deliver gas at a pressure of not less than 830 pounds per square inch gauge from its Line CP (Line CP Interconnect) into SESH's system at SESH's existing Delhi Compressor Station. The delivery pressure will be made available by Enable's existing facilities. SESH states that

neither SESH nor Enable needs to construct new facilities in connection with the additional capacity to be created on SESH's system.

4. In consideration for Enable's use of existing compression facilities on its system to satisfy its pressure commitment at the Line CP Interconnect, SESH has agreed to provide Enable with 1,300 Dth/d of natural gas for Enable to use in its system operations (fuel reimbursement). SESH proposes to recover this fuel through its fuel tracker mechanism.

5. SESH held an open season from August 12 through August 30, 2013, for the additional capacity to be created on its system by Enable's pressure commitment at the Line CP Interconnect. As a result of the open season, SESH and Southern Company Services, Inc. (Southern Company) executed a precedent agreement for 25,000 Dth/d of firm transportation service for a primary term of approximately 10 years. The remaining 20,000 Dth/d of capacity will be available for subscription in accordance with the provisions of SESH's FERC Gas Tariff.<sup>1</sup>

6. Finally, because the 45,000 Dth/d of new mainline firm transportation service will be made available by Enable's pressure commitment and not through the construction of new facilities on SESH or Enable, SESH requests that the Commission authorize it to place the additional capacity into service promptly upon SESH's acceptance of the certificate requested in its application.

#### **B. Dentville Compressor Station**

7. SESH and Texas Eastern Transmission, LP (Texas Eastern) have an existing interconnection in Copiah County, Mississippi, near the community of Dentville (SESH/Texas Eastern Interconnect). SESH states that the SESH/Texas Eastern Interconnect was constructed as part of the original SESH system and was designed based on a certain assumed pressure drop across the meter station to assure that deliveries could be made into SESH's system from Texas Eastern's system under all operating conditions.

8. SESH states that the proposed Dentville Compressor Station at the SESH/Texas Eastern Interconnect is necessary because operating pressures are changing on this portion of the pipeline grid because of the transition of a large segment of Texas Eastern's system to bi-directional flow. SESH's proposal herein to increase its mainline design capacity will exacerbate those changes in operating pressures. SESH asserts that the proposed Dentville Compressor Station will not be a mainline compressor station and will not increase SESH's mainline capacity. Rather, it will be a booster station that will

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<sup>1</sup> Currently, SESH's system is fully subscribed.

ensure that adequate delivery pressure is available on a reliable, long-term basis to maintain the operational capabilities of the SESH/Texas Eastern Interconnect. SESH states that the interconnection benefits SESH's shippers by providing access to the natural gas supplies on the Texas Eastern system and benefits Texas Eastern and its customers by providing direct access to the rapidly growing natural gas-fired electric generation and industrial markets in the Southeastern United States, including Florida. The proposed compressor station will include: (i) a single 8,000 horsepower gas driven compressor package, including a Cooper-Bassmermer 16W-330 engine; (ii) approximately 4,000 feet of 20-inch-diameter connecting piping; and (iii) related appurtenances.

9. SESH estimates that the cost of the proposed Dentville Compressor Station will be \$47,876,821. Because of the benefits to both companies, SESH and Texas Eastern have each agreed to provide funding for 50 percent of the cost of the proposed Dentville Compressor Station. SESH will finance its share of the cost through funds on hand and/or borrowing under short-term financing arrangements. SESH states that the Dentville Compressor Station will result in no subsidization from existing shippers, and is seeking rolled-in rate treatment for the costs of the compressor station.

## **II. Notice, Interventions, and Comments**

10. Notice of SESH's application was published in the *Federal Register* on March 12, 2014 (79 Fed. Reg. 14,024). Southern Company and Duke Energy Florida, Inc. filed timely, unopposed motions to intervene.<sup>2</sup> No motion to intervene in opposition, adverse comments or protests were filed.

## **III. Discussion**

11. Since the proposed facilities will be used to transport natural gas in interstate commerce, subject to the Commission's jurisdiction, the construction and operation of the facilities are subject to the requirements of sections 7(c) and (e) of the NGA.

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<sup>2</sup> Timely, unopposed motions to intervene are granted by operation of Rule 214 of the Commission's Rules of Practice and Procedure. See 18 C.F.R. § 385.214 (2014).

### A. Certificate Policy Statement

12. The Certificate Policy Statement provides guidance for evaluating proposals to certificate new construction.<sup>3</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, the Commission balances the public benefits against the potential adverse consequences. The Commission's 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 existing pipelines proposing new projects is that the pipeline must be prepared to financially support the project without relying on subsidization from existing customers. The next step is to determine whether the applicant has made efforts to eliminate or minimize any adverse effects the 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 construction of the new facilities. 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 proceed to complete the environmental analysis where other interests are considered.

14. As noted above, the threshold requirement under the Certificate Policy Statement is that the pipeline must be prepared to financially support a project without relying on subsidization from its existing customers. SESH proposes to use its currently-effective monthly reservation rate under its existing Rate Schedule FTS as the initial recourse reservation rate for firm transportation service using the newly-created capacity. We will approve this proposal. SESH proposes to recover from its customers the fuel it provides to Enable through SESH's fuel tracker mechanism. However, SESH's proposal to adjust its existing fuel tracker to recover the fuel provided to Enable would result in an increase in the currently-effective fuel percentage which is applicable to existing shippers on

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<sup>3</sup> *Certification of New Interstate Natural Gas Pipeline Facilities*, 88 FERC ¶ 61,227 (1999), *clarified*, 90 FERC ¶ 61,128, *further clarified*, 92 FERC ¶ 61,094 (2000) (Certificate Policy Statement).

SESH's system. Requiring existing shippers to pay for costs associated with expansion capacity would constitute a subsidy by those shippers. Accordingly, as is discussed more fully below, the Commission will condition issuance of certificate authority herein on SESH filing an incremental fuel reimbursement percentage, applicable only to expansion shippers. With regard to the Dentville Compressor Station, SESH has entered into an agreement with Texas Eastern whereby Texas Eastern will provide funding for 50 percent of the compressor station costs. The Certificate Policy Statement provides that it is not a subsidy for existing customers to pay for projects designed to replace existing capacity or improve reliability or flexibility of existing service.<sup>4</sup> Since the Dentville Compressor Station is designed to address operating pressure issues at the SESH/Texas Eastern Interconnect associated with changes on Texas Eastern's system which could impact the reliability of service to SESH's customers, increasing the rates of existing customers by rolling the associated costs into system rates in a future section 4 rate proceeding will not constitute a subsidy under the Certificate Policy Statement.

15. SESH's existing customers should not experience any degradation of service as a result of the proposed project. The SESH pipeline system is currently fully subscribed. SESH's proposal to increase the design capacity of its mainline will create capacity for the entire length of its system. In addition, construction of the Dentville Compressor Station will allow SESH's system to maintain its existing access to diverse gas supplies off of the Texas Eastern system. Further, no competing pipeline or their captive customers will be adversely affected by SESH's proposals. In addition, no other pipeline has protested SESH's proposal.

16. The Dentville Compressor Station is located in a rural area. Construction of the Dentville Compressor Station will require 24.02 acres, and 20.98 acres will be needed for permanent operations. The pipeline connecting the station to SESH's existing system will require 15.22 acres for construction, of which 4.75 will be used for permanent operations. SESH will use a 100-foot wide construction right-of-way for construction of the pipeline. SESH is acquiring all the necessary land through negotiation with a single landowner and no landowner has protested the application.

17. SESH's proposals will increase the design capacity of SESH's mainline system, enabling it to provide an additional 45,000 Dth/d of firm transportation capacity. The proposed Dentville Compressor Station will ensure the continued delivery of gas from Texas Eastern into SESH. Based on the benefits the project will provide and the minimal adverse effect on existing shippers, other pipelines and their captive customers, and landowners and surrounding communities, the Commission finds, consistent with the

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<sup>4</sup> See Certificate Policy Statement, 88 FERC ¶ 61,227 at n.12.

criteria discussed in the Certificate Policy Statement and subject to the environmental discussion below, that the public convenience and necessity requires approval of SESH's proposals, as conditioned in this order.

**B. Rates**

**1. Recourse Rates for Pressure Agreement Capacity**

18. SESH proposes to use its currently-effective rates, including all applicable charges and surcharges, under its existing Rate Schedule FTS as the initial firm recourse rate for the 45,000 Dth/d of incremental transportation service made possible by the Enable pressure agreement. SESH's current Rate Schedule FTS monthly reservation rate is \$16.4650 per Dth. We will approve SESH's use of its existing \$16.4650 per Dth as initial recourse reservation rate for its additional incremental service.

**2. Fuel Reimbursement**

19. As consideration for Enable's use of existing compression facilities on its system to increase the capacity on SESH's mainline without the need for SESH to construct any facilities itself, SESH has agreed to provide Enable with 1,300 Dth/d of natural gas for Enable to use in its system operations. SESH requests authorization to recover this fuel through its fuel tracker mechanism as part of its "Transporter's Use" gas, which is the term in SESH's FERC Gas Tariff to describe gas used by SESH for "compressor fuel, other company use and lost-and-unaccounted for gas in providing service on its system."<sup>5</sup>

20. SESH's currently-effective system-wide fuel percentage is 1.27 percent for transportation on its mainline. The Commission finds that the system-wide fuel reimbursement percentage will increase by 0.05 percent under SESH's proposal to recover the 1,300 Dth/d of fuel to be reimbursed to Enable.<sup>6</sup> As noted above, this would result in existing mainline shippers subsidizing the additional incremental capacity on the

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<sup>5</sup> See [Section 22.2](#) of the General Terms and Conditions of SESH's FERC NGA Gas Tariff, SESH Database 1.

<sup>6</sup> See Attachment B to SESH's April 28, 2014 Data Response. Dentville Compressor Station fuel of 190,075 Dth (Line 13) was removed from the calculation used to derive the fuel percentage of 1.32 percent associated with the 1,300 Dth/d of fuel reimbursement to Enable as part of SESH's pressure agreement. This results in an increase of approximately 0.05 percent in the currently effective system-wide fuel reimbursement of 1.27 percent reflected on Attachment B.

mainline. In view of this, the Commission will deny SESH's request to recover the 1,300 Dth/d of fuel reimbursement to Enable through its system fuel tracker mechanism. Instead, we will require SESH to file an incremental fuel reimbursement percentage with the Commission at least 30 days, but not more than 60 days, prior to initiation of its in-service date for the 45,000 Dth/d of increased mainline expansion capacity, to ensure that only the expansion shippers who use the capacity will pay for such expansion capacity.

### 3. Dentville Compressor Station

21. SESH requests a predetermination that it will be appropriate to roll its 50 percent share of the costs associated with the Dentville Compressor Station (\$23,938,410 of capital costs) into its system-wide rates in a future NGA general section 4 rate case. SESH states that the Dentville Compressor Station is necessary to ensure that adequate delivery pressure is available to maintain, on a reliable, long-term basis, the operational capabilities of SESH's existing interconnection with Texas Eastern because of the ongoing transition of large segments of Texas Eastern's system to bidirectional flow, as well as pressure changes on this portion of SESH's system.<sup>7</sup> SESH adds that its interconnection with Texas Eastern provides SESH's shippers with the ability to access the abundant and diverse natural gas supplies located on the Texas Eastern system. SESH, therefore, maintains its interconnection with Texas Eastern provides substantial benefits to its shippers.

22. In order to receive a predetermination that it may roll the costs of a construction project into its system-wide rates in its next NGA general section 4 rate proceeding, a pipeline generally must demonstrate that rolling in the costs associated with the construction and operation of new facilities will not result in existing customers subsidizing the expansion. As noted above, the Certificate Policy Statement recognizes that it does not constitute a subsidy for existing customers to pay the costs of a project designed to improve reliability of existing services.<sup>8</sup> Here, the Dentville Compressor Station is necessary to ensure that adequate delivery pressure is available to maintain, on a reliable, long-term basis, the operational capabilities of SESH's existing interconnection with Texas Eastern. Thus, the Commission will grant SESH's request for a predetermination that the costs, including fuel, of the Dentville Compressor Station may be rolled into SESH's system-wide rates in its next NGA section 4 general rate case, absent a significant change in circumstances.

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<sup>7</sup> See SESH April 28, 2014 Data Response No. 3.

<sup>8</sup> See Certificate Policy Statement, 88 FERC ¶ 61,227 at n.12.

#### 4. Negotiated Rate Agreement

23. SESH proposes to provide service to Southern Company under a negotiated rate agreement. SESH must file either its negotiated rate agreement or tariff record setting forth the essential terms of the negotiated rate agreement associated with the 25,000 Dth/d of firm service, in accordance with the Alternative Rate Policy Statement<sup>9</sup> and the Commission's negotiated rate policies.<sup>10</sup> SESH must file the negotiated rate agreement or tariff record at least 30 days, but not more than 60 days, before the proposed effective date for such rates. SESH must also file not less than 30 days, or more than 60 days, before the in-service date of the proposed facilities, an executed copy of any non-conforming agreements reflecting the non-conforming language and a tariff record identifying any agreements as non-conforming agreements consistent with section 154.112 of the Commission's regulations.<sup>11</sup>

#### C. Accounting

24. The cost of the proposed SESH Expansion Project is estimated to be \$47,876,820, including an anticipated Contribution In Aid of Construction (CIAC) to SESH of \$23,938,410 from Texas Eastern. SESH proposed journal entries related to the CIAC. For the portion of taxes related to the miscellaneous income (\$2,883,650) recorded in Account 421, Miscellaneous Nonoperating Income, SESH proposed to record the income taxes in Account 409.1, Income Taxes, Utility Operating Income. However, SESH must use Account 409.2, Income Taxes, Other Income and Deductions, to appropriately reflect the nature of the entry.

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<sup>9</sup> *Alternatives to Traditional Cost-of-Service Ratemaking for Natural Gas Pipelines; Regulation of Negotiated Transportation Services of Natural Gas Pipelines*, 74 FERC ¶ 61,076, order granting clarification, 74 FERC ¶ 61,194 (1996).

<sup>10</sup> *Natural Gas Pipelines Negotiated Rate Policies and Practices; Modification of Negotiated Rate Policy*, 104 FERC ¶ 61,134 (2003), order on reh'g and clarification, 114 FERC ¶ 61,042, dismissing reh'g and denying clarification, 114 FERC ¶ 61,304 (2006).

<sup>11</sup> 18 C.F.R. § 154.112 (2014).

#### **D. Environmental Analysis**

25. On March 28, 2014, the Commission issued a *Notice of Intent to Prepare an Environmental Assessment* (NOI). The NOI was mailed to interested parties including federal, state, and local officials; agency representatives; environmental and public interest groups; Native American tribes; local libraries and newspapers; and affected property owners within 0.5 mile of the proposed Dentville Compressor Station and landowners along the pipeline route.

26. The Commission received comments in response to the NOI from the Chickasaw Nation and the Mississippi Department of Wildlife, Fisheries, and Parks. The primary issues raised concerned cultural resources; federally and state-threatened and endangered species; and impacts on streams, waterbodies, and wetlands.

27. To satisfy the requirements of the National Environmental Policy Act of 1969, Commission staff prepared an environmental assessment (EA) for SESH's proposal. The analysis in the EA addresses geology, soils, water use and quality, wetlands, fish, wildlife, vegetation, migratory birds, special status species, land use and recreation, cultural resources, air quality, noise, reliability and safety, cumulative impacts, and alternatives. All substantive comments received in response to the NOI were addressed in the EA. The EA was placed into the public record on June 4, 2014.

28. Based on the analysis in the EA, the Commission concludes that if constructed and operated in accordance with SESH's application and supplements, and in compliance with the environmental conditions in the appendix to this order, approval of this proposal would not constitute a major federal action significantly affecting the quality of the human environment.

29. Any state or local permits issued with respect to the jurisdictional facilities authorized herein must be consistent with the conditions of this certificate. The Commission encourages cooperation between interstate pipelines and local authorities. However, this does not mean that state and local agencies, through application of state or local laws, may prohibit or unreasonably delay the construction or operation of facilities approved by this Commission.<sup>12</sup>

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<sup>12</sup>See, e.g., *Schneidewind v. ANR Pipeline Co.*, 485 U.S. 293 (1988); *National Fuel Gas Supply v. Public Service Commission*, 894 F.2d 571 (2d Cir. 1990); and *Iroquois Gas Transmission System, L.P., et al.*, 52 FERC ¶ 61,091 (1990) and 59 FERC ¶ 61,094 (1992).

30. 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, and all comments submitted herein, and upon consideration of the record,

The Commission orders:

(A) A certificate of public convenience and necessity is issued to SESH pursuant to section 7(c) of the NGA and Part 157 of the Commission's regulations authorizing it to increase the design capacity of its mainline and to construct and operate natural gas facilities as described and conditioned herein, and as more fully described in the application.

(B) The certificate authorized in Ordering Paragraph (A) above is conditioned on:

- (1) SESH's proposals being made available for service within one year of the date of this order pursuant to section 157.20(b) of the Commission's regulations;
- (2) SESH's compliance with all applicable Commission regulations under the NGA, 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 of the regulations;
- (3) SESH's compliance with the environmental conditions listed in the appendix to this order.

(C) SESH's current Rate Schedule FTS rate is approved as the initial recourse rate for service utilizing the 45,000 Dth/d of new capacity created by the Enable pressure agreement.

(D) The request to recover the 1,300 Dth/d of fuel reimbursement associated with the Enable pressure agreement through SESH's fuel tracker mechanism is denied.

(E) The request for a predetermination supporting rolled-in rate treatment for the Dentville Compressor Station costs and fuel is granted.

(F) SESH shall file an actual tariff record reflecting its proposed incremental fuel percentage not less than 30 days, or more than 60 days, before the date of service.

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

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

**Appendix**  
**Southeast Supply Header, LLC**  
**Docket No. CP14-87-000**  
**Environmental Conditions**

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

1. SESH 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 EA, unless modified by the order. SESH must:
  - a. request any modification to these procedures, measures, or conditions in a filing with the 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**, SESH shall file an affirmative statement with the Secretary, certified by a senior company official, that all company personnel, environmental inspectors (EIs), and contractor personnel will be informed of the EI'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 soon as they are available, and before the start of construction**, SESH 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.

SESH's exercise of eminent domain authority granted under Natural Gas Act (NGA) section 7(h) in any condemnation proceedings related to the order must be consistent with these authorized facilities and locations. SESH's right of eminent domain granted under NGA section 7(h) does not authorize it to increase the size of its natural gas facilities to accommodate future needs or to acquire a right-of-way for a pipeline to transport a commodity other than natural gas.

5. SESH 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, 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 Commission's Upland Erosion Control, Revegetation, and Maintenance Plan and/or minor field realignments per landowner needs and requirements which do not affect other landowners or sensitive environmental areas such as wetlands.

Examples of alterations requiring approval include all route realignments and facility location changes resulting from:

- a. implementation of cultural resources mitigation measures;
  - b. implementation of endangered, threatened, or special concern species mitigation measures;
  - c. recommendations by state regulatory authorities; and
  - d. agreements with individual landowners that affect other landowners or could affect sensitive environmental areas.
6. **Within 60 days of the acceptance of the certificate and before construction begins**, SESH shall file an Implementation Plan with the Secretary for review and written approval by the Director of OEP. SESH must file revisions to the plan as schedules change. The plan shall identify:

- a. how SESH 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 SESH 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 EIs assigned per spread, and how the company will ensure that sufficient personnel are available to implement the environmental mitigation;
  - d. company personnel, including EIs and contractors, who will receive copies of the appropriate material;
  - e. the location and dates of the environmental compliance training and instructions SESH 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 SESH's organization having responsibility for compliance;
  - g. the procedures (including use of contract penalties) SESH will follow if noncompliance occurs; and
  - h. for each discrete facility, a Gantt or PERT chart (or similar project scheduling diagram), and dates for:
    - (1) the completion of all required surveys and reports;
    - (2) the environmental compliance training of onsite personnel;
    - (3) the start of construction; and
    - (4) the start and completion of restoration.
7. SESH shall employ at least one EI per construction spread. The EI 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. a full-time position, separate from all other activity inspectors;
  - e. 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
  - f. responsible for maintaining status reports.

8. Beginning with the filing of its Implementation Plan, SESH 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 SESH'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 EI(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 SESH from other federal, state, or local permitting agencies concerning instances of noncompliance, and SESH's response.
9. **Prior to receiving written authorization from the Director of OEP to commence construction of any project facilities**, SESH shall file with the Secretary documentation that it has received all applicable authorizations required under federal law (or evidence of waiver thereof).
10. SESH must receive written authorization from the Director of OEP **before placing the project into service**. 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.
11. **Within 30 days of placing the authorized facilities in service**, SESH 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 SESH 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.

12. SESH shall relocate permanent access road PAR 0.00 within its permanent right-of-way for the proposed pipeline to avoid permanent wetland impacts. SESH shall file with the Secretary a revised road alignment sheet for review and approval of the Director of OEP **prior to construction**.
13. SESH shall make all reasonable efforts to ensure its predicted noise levels from the Dentville Compressor Station are not exceeded at nearby noise-sensitive areas and shall file noise surveys showing this with the Secretary **no later than 60 days** after placing the Dentville Compressor Station in service. If full load condition noise surveys are not possible, SESH shall provide interim surveys at the maximum possible horsepower load **within 60 days** of placing the Dentville Compressor Station in service and provide the full load surveys **within six months**. If the noise attributable to the operation of all of the equipment at the Dentville Compressor Station under full or interim horsepower load conditions exceeds a day-night noise level of 55 decibels on the A-weighted scale at any nearby noise-sensitive areas, SESH shall file a report on what changes are needed and shall install the additional noise controls to meet the level **within one year** of the in-service date. SESH shall confirm compliance with the above requirement by filing a second full load noise survey with the Secretary **no later than 60 days** after it installs the additional noise controls.