

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

OFFICE OF ENERGY PROJECTS

June 1, 2015

In Reply Refer To:

OEP/DPC/CB-1

Tennessee Gas Pipeline Company,  
L.L.C.

Docket Nos. CP15-88-000

RP13-464-001

Section 375.308(x)(3)

John E. Griffin  
Assistant General Counsel  
Tennessee Gas Pipeline Company, L.L.C.  
1001 Louisiana Street,  
Houston, Texas 77002

Re: Data Request

Dear Mr. Griffin:

Please provide the information requested below to assist in our analysis of Tennessee Gas Pipeline Company's (Tennessee) proposal in the above application. File your response in accordance with the provisions of the Commission's Rules of Practice and Procedure. In particular 18 CFR Section 385.2010 (Rule 2010) requires that you serve a copy of the response to each person whose name appears on the official service list for this proceeding.

**File a complete response within 10 business days of the date of this letter.** If certain information cannot be provided within this time frame, please indicate which items will be delayed and provide a projected filing date. File all responses under oath (18 CFR 385.2005) by an authorized Tennessee representative and include the name, position and telephone number of the respondent to each item.

Sincerely,

Elizabeth G. Anklam  
Project Manager  
Certificate Branch 1  
Office of Energy Projects

**General**

1. Provide the following in electronic spread sheet format, such as Microsoft Excel. Also, the worksheets and/or files should retain all notes, plus any formulas supporting the calculation:
  - a. The worksheet computations on a monthly basis to support the \$15,078,019 of AFUDC. Identify the debt/equity AFUDC amounts.
  - b. The computation and methodology to support the debt/equity cost rates used to derive the AFUDC rate.
2. Under the Commission's policy on the commencement of AFUDC,<sup>1</sup> a natural gas pipeline may begin accruing AFUDC when the following conditions are met: (1) capital expenditures for the project have been incurred; and (2) activities that are necessary to get the construction project ready for its intended use are in progress. Please provide the date Tennessee will begin accruing AFUDC and explain how the AFUDC accruals are consistent with the revised AFUDC policy.
3. Provide calculations and explanations to further support the tax entries in Exhibit Y.
4. Exhibit Y represents the sale for three sections of pipeline. Are the three sections of pipeline all that is being sold as part of the proposed abandonment? If not, please identify all other assets that will be sold.
5. How is Tennessee recording any transaction costs associated with this sale?
6. Exhibit Y shows a debit to Account 131, Cash, and credit to Account 108, Accumulated Provision for Depreciation of Gas Plant in Service, for \$64,935,083.73, to record cash received from sale of assets. Account 102, Gas Plant Purchased or Sold, should be used rather than Account 108.<sup>2</sup> Please explain why the proposed accounting departs from the rules prescribed.

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<sup>1</sup> See *Florida Gas Transmission Co. LLC*, 130 FERC ¶ 61,194 (2010); *Southern Natural Gas Co.*, 130 FERC ¶ 61,193 (2010); and Accounting Release No. 5 (Revised), *Capitalization of Allowance for Funds Used During Construction*, effective March 18, 2010.

<sup>2</sup> Gas Plant Instruction Number 5, 18 C.F.R. Part 201 (2014).

7. Tennessee states in its Application at page 12 that prior to the transfer of the Abandoned Line to Utica Marcellus Texas Pipeline LLC (UMTP), Tennessee is required to undertake certain additional work as may be requested by UMTP.
  - a. Exhibit K shows \$17,034,227 in costs related to abandonment. Are these the costs Tennessee references at page 12 of its application? If not, please explain what are the costs and facilities referenced at Exhibit K, and identify the facilities and costs that Tennessee is required to undertake as may be requested by UMTP.
  - b. If UMTP requests Tennessee to perform additional work, how and when does Tennessee propose to reflect those requested changes in this proceeding?
  - c. Exhibit Y does not include any of the abandonment related costs identified in Exhibit K. Please explain why not. If these costs are included in Exhibit Y, please provide an explanation as to where they are located. If the costs should be included, please provide a revised Exhibit Y.
  
8. Tennessee, in Docket No. RP13-464-000, requested authorization to change the operation of convert an existing “portion of Transporter’s system consisting of: (i) the 26-inch Line 200-3 extending from Main Line Valve 207-3, located in Morgan County, Ohio to Main Line Valve 217-3, located in Lawrence County, Pennsylvania; (ii) the 24-inch Line 217A-200; and (iii) all points of receipt physically connected to the line as well as the Rich Gas Line Plant Delivery Point(s)” to a wet gas line. (Tennessee’s Transmittal, Docket No. RP13-464-000, p. 2.) The Commission approved Tennessee’s proposal at *Tennessee Gas Pipeline Co., L.L.C.*, 143 FERC ¶ 61,128 (2013). In the instant abandonment application, Tennessee states that among the facilities for which permission to abandon is sought includes “210 miles of Tennessee’s 26-inch 200-3 Line from Tennessee’s Station 200 in Greenup County, Kentucky, to Tennessee’s MLV 216 in Columbiana County, Ohio.” (Tennessee’s Application at p. 9.) Tennessee’s Exhibit G, flow diagrams depicting the daily design capacity and operating conditions of the existing facilities without the proposed abandonment appear to show Line 200-3 between MLV 207-3 and 217-3 operating as a dry gas line. Further, Tennessee’s Exhibit G, flow diagrams depicting the daily design capacity and operating conditions with the proposed abandonment and the Replacement Facilities (including new compressors at MLV 211 and 216) in operation also appear to show the operation of Tennessee’s remaining facilities in this area as a dry gas system.

- a. Does Tennessee's Exhibit G, flow diagrams depicting the daily design capacity and operating conditions of the existing facilities without the proposed abandonment accurately reflect the current operations of the Tennessee system for the pipeline segments between MLV 207-3 through MLV 217-3? If not, please explain.
- b. Does Tennessee's Exhibit G, flow diagrams depicting the daily design capacity and operating conditions with the proposed abandonment and the Replacement Facilities accurately reflect the proposed operations of the Tennessee remaining system for the pipeline segments between MLV 207-3 through MLV 217-3? If not, please explain.
- c. What is the status of Tennessee's conversion of Line 200-3 from MLV 207-3 through MLV 217-3 from a dry gas line to a wet gas line as requested and approved in Tennessee's Docket No. RP13-464-000?
- d. Does Tennessee intend to proceed to convert Line 200-3 from MLV 207-3 through MLV 217-3 from a dry gas line to a wet gas line? If no, is Tennessee's pending rehearing request in Docket No. RP13-464-001 moot? If yes, please provide the following information:
  - i. When will this conversion occur?
  - ii. When will Tennessee amend its application in Docket No. CP15-88-000 to reflect revised exhibits, facilities and associated environmental data?
- e. What impact will the current abandonment proceeding have on the wet gas line proposal?

### **Engineering**

The Commission is interested in examining the potential for energy efficiency in connection with its consideration of major pipeline infrastructure projects. In February 2008, the Interstate Natural Gas Association of America (INGAA) issued a white paper titled *Waste Energy Recovery Opportunities for Interstate Natural Gas Pipelines, February 2008* (INGAA white paper). The INGAA white paper identifies initial threshold criteria for determining whether waste heat generation is feasible. Specifically, compressor stations must have a total of 15,000 horsepower provided by gas turbine compressor units and these units must operate for a total of 5,250 hours per year (60% load factor). Further, the INGAA white paper recommends that interstate gas pipeline companies post information regarding potential waste-heat recovery on their websites.

Tennessee proposes to install 20,500 horsepower (HP) at its proposed Compressor Stations 202.5, 206.5, 211.5, and 216.5; add 32,000 HP at its existing Compressor Station 110; and add 10,771 HP at its proposed Compressor Station 875.

1. Explain whether or to what extent Tennessee explored installing waste heat cogeneration facilities at the aforementioned compressor stations. Provide the results of such studies, and provide any industry studies that explore this issue. If it was determined that heat recovery was not practical or simply not part of the business plan at this time, discuss whether such technology can be installed at a later date.
2. Will Tennessee conduct periodic reviews to assess the energy efficiency of its pipeline operations and determine whether improvements can be made in that area? If not, why not?
3. Additionally, provide the pipeline computer models supporting each flow diagram provided in Exhibit G to Tennessee's application. Tennessee should file the engineering models electronically or in electronic format (CD, DVD, flash memory, etc.) with the Commission.
4. New England Local Distribution Companies commented: "Tennessee also is likely to need to increase compression on the remaining three loops in order to ensure adequate capacity for firm service."<sup>3</sup> Address this statement in a public document.
5. Explain in detail how continuity of service will be maintained both during construction of the proposed project and post-abandonment.

cc: All Parties  
Public Files – Docket Nos. CP15-88-000 and RP13-464-001

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<sup>3</sup>New England Local Distribution Companies' comments at page 10.