

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

ANR Storage Company
ANR Pipeline Company

Docket Nos. CP06-463-000
CP06-464-000

ORDER ISSUING CERTIFICATE AND APPROVING ABANDONMENT

(Issued May 31, 2007)

1. On September 21, 2006, ANR Pipeline Company (ANR Pipeline) filed an application in Docket No. CP06-464-000 under section 7(c) of the Natural Gas Act (NGA) and Part 157 of the Commission's regulations seeking a certificate of public convenience and necessity authorizing ANR Pipeline to develop, construct, and operate an underground natural gas storage field and related facilities and to acquire a partial interest in jurisdictional lateral facilities owned by ANR Storage Company (ANR Storage) located in Kalkaska County, Michigan. ANR Storage seeks authority in Docket No. CP06-463-000 under section 7(b) of the NGA to abandon by sale to ANR Pipeline an ownership interest in the Cold Springs 12 Lateral (Cold Springs Lateral).

2. As discussed below, the Commission finds that approval of ANR Pipeline's unopposed proposal is required by the public convenience and necessity. Therefore, the Commission is issuing ANR Pipeline's requested certificate authorization, subject to conditions set forth below. The Commission also grants ANR Storage's request for authority to abandon by sale to ANR Pipeline an ownership interest in the Cold Springs Lateral.

I. Background and Proposal

3. ANR Pipeline, a subsidiary of El Paso Corporation, is a natural gas company engaged in the business of storing and transporting natural gas in interstate commerce for a variety of customers. ANR Storage, also a subsidiary of El Paso Corporation, is a natural gas company engaged in the business of developing, constructing, and operating underground natural gas storage facilities.

4. ANR Pipeline currently owns four natural gas storage reservoirs and leases five others in the State of Michigan. The combined working gas capacity of these fields is

116.8 Bcf. Additionally, ANR Pipeline holds approximately 75 Bcf of contract storage capacity with two of its affiliated companies, ANR Storage and Blue Lake Gas Storage Company.

A. Proposed Facilities

5. ANR Pipeline proposes to acquire from ANR Storage all of the storage, mineral, and surface rights within the Cold Springs 1 storage field boundary located in Kalkaska County, Michigan. The Cold Springs 1 storage field consists of approximately 810 acres, including 155 acres within the reservoir and approximately 655 acres of buffer area. ANR Storage purchased the Cold Springs 1 reservoir and produced gas from the field between 2004 and 2006, but never developed nor operated the reservoir as a jurisdictional storage facility.

6. ANR Pipeline proposes to construct new facilities required for the conversion of the depleted reservoir to storage services. ANR Pipeline proposes to drill six new injection/withdrawal wells, convert No. 1-6 State Blue Lake well from a production well to an observation well, construct a compressor station consisting of one 7,000 horsepower (hp) electric driven reciprocating compressor, construct a 500-foot pipeline system connecting the wellheads to the proposed compressor station, and construct 700 feet of 20-inch pipe from the Cold Springs Lateral to the Cold Springs 1 field. The estimated cost of the facilities is \$77.4 million.

7. The estimated initial working gas capacity of the Cold Springs 1 field will be approximately 14 Bcf, and the base gas volume will be approximately 4.5 Bcf. Working gas capacity is expected to increase by 0.7 Bcf as liquid hydrocarbons are recovered during storage withdrawals, for a maximum working gas capacity of 14.7 Bcf. The Cold Springs 1 field will provide a peak deliverability of 200 MMcf per day.

8. Additionally, ANR Pipeline will purchase from ANR Storage a forty percent ownership interest in the 2.4 mile, 24-inch jurisdictional Cold Springs Lateral, located in Kalkaska County, Michigan. Thus, ANR Storage seeks authorization to abandon by sale to ANR Pipeline a forty percent interest in the Cold Springs Lateral. ANR Storage states that the capacity associated with such interest is not required to serve ANR Storage's existing customers.

9. The Cold Springs Lateral was constructed by ANR Storage in order to provide natural gas storage service to its customers utilizing the Cold Springs 12 storage field. The lateral runs from the Cold Springs 12 storage field to a 36-inch pipeline jointly owned by ANR Storage and ANR Pipeline. This 36-inch pipeline interconnects with Michigan Consolidated Gas Company's 30-inch pipeline and with Great Lakes Transmission Company's 36-inch pipeline.

B. Market and Services

10. ANR Pipeline held a binding open season from January 23, 2006, to February 22, 2006, and a capacity turnback open season from March 1 to March 7, 2006. As a result, ANR Pipeline received requests for 14 Bcf of storage capacity and executed seven binding precedent agreements for firm storage service and firm transportation service with the following companies: Southwest Energy, L.P., Chevron U.S.A. Inc., Nexen Marketing USA Inc., ConocoPhillips Company, CIMA Energy, Ltd., Oneok Energy Services Company, and Wisconsin Power & Light Company. The agreements with Southwest Energy, L.P. and Wisconsin Power & Light Company have seven-year terms, while the agreements with the other companies have five-year terms. No customers offered to turn back capacity during the open season process.

C. Rates

11. ANR Pipeline proposes to use incremental recourse rates under Rate Schedule FSS to provide annual and seasonal storage service on the proposed facilities. However, all shippers that subscribed for service during the open season have elected to pay fixed negotiated rates. The proposed incremental recourse rates are based on a cost of service with a rate of return of 11.13 percent and a depreciation rate of 2.30 percent, both of which were approved in ANR Pipeline's last rate case settlement in Docket No. RP94-43.¹ The incremental recourse rates are also based on a \$14.019 million annual cost of service, capacity and deliverability of 14,178 MDth and 176 MDth/day, respectively, an \$8.488 million return on rate base, \$1.568 million of depreciation expenses,² \$0.682 million for operation and maintenance expenses, \$1.804 million for property taxes and a credit of \$1.971 million for miscellaneous revenue related to the recovery of liquid hydrocarbons.³

12. ANR Pipeline proposes that shippers contracting for the project capacity be assessed ANR Pipeline's general system fuel retention and power costs. ANR Pipeline also proposes that the electric power costs associated with the operation of the new electric compressor be rolled in and included as part of ANR Pipeline's existing electric power cost recovery mechanism (EPC Tracker). ANR Pipeline proposes to charge the

¹ *ANR Pipeline Co.*, 82 FERC ¶ 61,145 (1998); 85 FERC ¶ 61,231 (1998).

² The rate base includes 4.5 Bcf of base gas priced at \$2.05/Dth, reflecting the book value of the operational system balancing gas used as base gas for this project.

³ The proposed Rate Schedule FSS reservation rates for deliverability vary between \$2.28/Dth to \$3.25/Dth depending on the enhanced service features requested. The capacity rate will be \$0.4818/Dth and the injection/withdrawal rate will be \$0.0126/Dth.

project shippers the applicable Transporter's Use and EPC Charge Adjustments that applies to all shippers under Rate Schedule FSS.⁴ ANR Pipeline believes this charge is appropriate because ANR Pipeline operates its storage fields on an integrated basis and will use the Cold Springs 1 storage facilities as part of its existing pool of storage assets to provide service to all its shippers and also because the new electric compressor unit will add additional flexibility to the operation of ANR Pipeline's storage fields to the benefit of all its shippers. ANR Pipeline filed pro forma tariff sheets⁵ to establish recourse rates for the project and to add to the EPC Tracker computations in section XXVII of the General Terms and Conditions (GT&C) of ANR Pipeline's tariff. That section of the GT&C describes Transporter's Use and Transporter's EPC Adjustment.

II. Notice and Interventions

13. Notice of ANR Pipeline's application was published in the *Federal Register* on October 11, 2006.⁶ The Peoples Gas Light and Coke Company, Michigan Consolidated Gas Company, Wisconsin Electric Power Company, Madison Gas and Electric Company, and Consumers Energy Company filed timely unopposed motions to intervene. Notice of ANR Storage's application was published in the *Federal Register* on October 10, 2006.⁷ The Peoples Gas Light and Coke Company, Proliance Energy, LLC, Wisconsin Electric Power Company, and Madison Gas and Electric Company filed timely unopposed motions to intervene. Timely, unopposed motions to intervene are granted by operation of Rule 214 of the Commission's regulations.⁸ None of the intervenors protest or raise concerns regarding either of the proposals.

⁴ Pro forma Second Revised Sheet No. 19A to Pro Forma Second Revised Volume No. 1 proposes an EPC charge of \$0.0000/Dth for Rate Schedule FSS service.

⁵ Original Sheet No. 10A, Second Revised Sheet No. 19A, Fifth Revised Sheet No. 47, Fifth Revised Sheet No. 48, Seventh Revised Sheet No. 49, Fourth Revised Sheet No. 50, Sixth Revised Sheet No. 51, Third Revised Sheet No. 53, Second Revised Sheet No. 196.01, and Original Sheet No. 196.02 to Pro Forma Second Revised Volume No. 1.

⁶ 71 Fed. Reg. 59,758.

⁷ 71 Fed. Reg. 59,501.

⁸ 18 C.F.R. § 385.214(a) (3) (2006).

III. Discussion

A. Certification of Facilities

14. The Commission's September 15, 1999 statement of policy on the Certification of New Interstate Natural Gas Pipeline Facilities (Certificate Policy Statement) provides guidance as to how it will evaluate proposals for certifying new construction.⁹ The Certificate Policy Statement established criteria for determining whether there is a need for a proposed project and whether the proposed project will serve the public interest. The Certificate Policy Statement explains that in deciding whether to authorize the construction of major new pipeline facilities, the Commission balances the public benefits against the potential adverse consequences. Our goal is to give appropriate consideration to the enhancement of competitive transportation alternatives, the possibility of overbuilding, subsidization by existing customers, the applicant's responsibility for unsubscribed capacity, and the avoidance of the unnecessary exercise of eminent domain or other disruptions of the environment.

15. 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.

16. As stated, the threshold requirement is that the applicant must be prepared to financially support the project without relying on subsidization from its existing customers. ANR Pipeline states that the services provided by this project are incrementally priced, that the project will not increase the tariff rates or degrade any service provided to existing customers, and that there will neither be subsidization by existing customers nor any adverse impacts on service to existing customers. The Commission has previously determined that where a pipeline proposes to charge an

⁹*Certification of New Interstate Natural Gas Pipeline Facilities*, 88 FERC ¶ 61,227 (1999), *order clarifying policy*, 90 FERC ¶ 61,128, *order clarifying policy*, 92 FERC ¶ 61,094 (2000) (Certificate Policy Statement).

incremental rate for new construction, the pipeline satisfies the threshold requirement that the project will not be subsidized by existing shippers.¹⁰ The Commission finds that the proposal submitted by ANR Pipeline, as modified below, has satisfied the threshold requirement of the Certificate Policy Statement.

17. The ANR Pipeline project will not adversely impact landowners because the new injection/withdrawal wells and the new compressor station will be constructed on land either owned by ANR Pipeline or on state-owned land that ANR Pipeline plans to purchase. Further, no landowners have submitted protests to ANR Pipeline's certificate application. The Commission is also satisfied that there will be no negative impact on existing storage providers or their captive customers because the proposal is for new incremental storage services and not intended to replace existing customers' services on ANR Pipeline or any other existing pipeline. Further, the proposal will also enhance and increase competitive storage options available to pipelines and their customers. Additionally, no storage company in ANR Pipeline's market area has protested ANR Pipeline's application. Accordingly, the ANR Pipeline project meets the requirements of the Certificate Policy Statement and is required by the public convenience and necessity. Consequently, we will approve the proposal, as conditioned below.

B. Abandonment by Sale

18. The Commission finds that the abandonment by sale of a forty percent interest in the Cold Springs Lateral by ANR Storage to ANR Pipeline is in the public interest and necessity. As the demand for natural gas increases, there will be a need to expand natural gas storage infrastructure to ensure adequate storage capacity will be available to meet growing demand and curb the volatility of gas prices. Further, ANR Storage's existing customers will not be adversely affected because the sale will not degrade any service currently provided to existing customers. The Cold Springs Lateral has a transportation capacity of 500 MMcf per day. ANR Storage utilized 300 MMcf per day based on its customers' requirements. Therefore, the abandonment by sale of the 40 percent interest will not affect ANR Storage's customers. The abandonment will not have any impact on landowners or the environment since there will be no facilities installed, removed, or abandoned in place as a result of the sale. Consequently, we will approve the proposal to abandon by sale a forty percent interest in the Cold Spring Lateral, as conditioned below.

C. Rates

19. The Commission finds that, as modified below, the recourse rates established in ANR Pipeline's filing are appropriate given they are designed to recover the cost-of-service of the project, and there will be no rate or service impact on existing system

¹⁰ See, e.g., *Transcontinental Gas Pipe Line Corp.*, 98 FERC ¶ 61,155 (2002).

customers from the proposed service. The Commission directs ANR Pipeline to file actual tariff sheets no sooner than 60 days and no later than 30 days prior to the commencement of service detailing the incremental rates and charges it proposes.

20. ANR Pipeline proposes negotiated rate agreements with its shippers. In certificate proceedings, we establish initial recourse rates, but do not make determinations regarding specific negotiated rates for proposed services.¹¹ In order to comply with the Alternative Rate Policy Statement,¹² and the Commission's decision in *NorAm Gas Transmission Company (Noram)*,¹³ we will direct ANR Pipeline to file either the negotiated rate agreement or a tariff sheet describing the negotiated rate agreement. If the negotiated rate agreement contains material deviations from the pipeline's form of service agreement, the pipeline must file and clearly delineate the differences between the negotiated rate agreement and its form of service agreement in redline and strikeout. If the negotiated rate agreement does not contain any material deviations from the form of service agreement, the pipeline may elect to file a tariff sheet reflecting the terms of the agreement together with a statement that the agreement conforms in all material respects with its form of service agreement.

21. The tariff sheets must state for each shipper paying a negotiated rate the following information: (1) the exact legal name of the shipper; (2) the total charges (the negotiated rate and all applicable charges); (3) the receipt and delivery points; (4) the volumes of gas to be transported; (5) the applicable rate schedule for the service; (6) any formula upon which the negotiated rate is designed; and (7) a statement affirming that the negotiated rate contract does not deviate in any material aspect from the form of service agreements in its tariff. The Commission directs ANR Pipeline to file either its negotiated rate agreements or a tariff sheet fully describing the transactions no sooner than 60 days and no later than 30 days before service commences.

22. ANR Pipeline must also disclose all considerations linked to the agreements. In addition, ANR Pipeline is required to maintain separate and identifiable accounts for any

¹¹ *CenterPoint Energy—Mississippi River Transmission Corp.*, 109 FERC ¶ 61,007 at P 19 (2004); *ANR Pipeline Co.*, 108 FERC ¶ 61,028 at P 21 (2004).

¹² *Alternatives to Traditional Cost-of-Service Ratemaking for Natural Gas Pipelines and Regulation of Negotiated Transportation Services of Natural Gas Pipelines* (Alternative Rate Policy Statement), 74 FERC ¶ 61,076 (1996), *reh'g and clarification denied*, 75 FERC ¶ 61,024 (1996), *reh'g denied*, 75 FERC ¶ 61,066 (1996), *aff'd sub nom.*, *Burlington Resources Oil & Gas Co. v. FERC*, 172 F. 3d (D.C. Cir. 1998); and *Modification of Negotiated Rate Policy*, 104 FERC ¶ 61,134 (2003), *order on reh'g and clarification*, 114 FERC ¶ 61,042 (2006).

¹³ 77 FERC ¶ 61,011 (1996) (*NorAm*).

volumes transported, billing determinants, rate components, surcharges, and revenues associated with its negotiated rates for the project in sufficient detail so that they can be identified in Statements G, I, and J in any future NGA section 4 or 5 rate proceedings. When ANR Pipeline files negotiated rate tariff sheets under section 4 of the NGA, interested parties may protest if they believe the rates are discriminatory.

23. The Commission finds that ANR Pipeline's proposal to charge the project shippers the applicable Transporter's Use and EPC Charge Adjustments that applies to all shippers under Rate Schedule FSS to be contrary to Commission policy. To the extent that fuel use on the project facilities exceeds the system charge, existing customers could subsidize the shippers receiving service under the project. Thus, we will require ANR Pipeline to ensure the project fuel use costs are the responsibility of only the shippers receiving service under the project and ANR Pipeline, and that no costs attributable to the proposed expansion be charged to existing shippers.¹⁴ This requirement does not preclude ANR Pipeline from filing a proposal to assess an appropriate part of fuel costs to system customers to the extent that ANR Pipeline can demonstrate that system customers benefit from the facilities. We will require ANR Pipeline to delineate the actual fuel use and the lost and unaccounted-for fuel (L&U) associated with the project in its annual fuel tracker filing required by section 37 of the GT&C of its tariff. Existing shippers can review the costs included in ANR Pipeline's tracker filings to verify that only expansion shippers are assessed fuel costs attributable to expansion service.

D. Engineering Analysis

24. The Commission's staff has performed an engineering analysis and review of the design capacity of ANR Pipeline's proposed natural gas facilities that will be used to provide jurisdictional services to ensure that the design is appropriate. Based on Commission staff's review, the Commission concludes that the geological and engineering parameters for ANR Pipeline's underground natural gas storage facilities are well defined. Based on this analysis, the Commission finds further that the facilities are appropriately designed to withdraw up to 200 MMcf of natural gas per day from storage and provide a gas storage inventory of 19.2 Bcf at 14.73 psia and 60°F, assuming construction and operation is performed in accordance with the conditions listed in Appendix A.

E. Environmental Analysis

25. On October 27, 2006, the Commission staff issued a *Notice of Intent to Prepare an Environmental Assessment for the Proposed Storage Enhancement Project - 2008 and Request for Comments on Environmental Issues* (NOI). Written responses to the NOI

¹⁴ See *Texas Eastern Transmission, LP*, 101 FERC ¶ 61,120 at P 36 (2002).

regarding environmental issues were received from a landowner, the Michigan Department of Agriculture, the Cultural Preservation Coordinator for the Little Traverse Bay Bands of Odawa Indians, and the U.S. Fish and Wildlife Service. Commission staff addressed all substantive comments in the environmental assessment (EA) prepared for ANR Pipeline's proposal. The EA addresses vegetation and wildlife, land use, threatened and endangered species, cultural resources, air and noise quality, reliability and safety, and alternatives.

26. Based on the discussion in the EA, we conclude that if constructed and operated in accordance with ANR Pipeline's application and supplement filed March 21, 2007, and the conditions listed in Appendix B, approval of this proposal would not constitute a major federal action significantly affecting the quality of the human environment.

27. 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.¹⁵ ANR Pipeline shall notify the Commission's environmental staff by telephone, email, or facsimile of any environmental noncompliance identified by other federal, state, or local agencies on the same day that such agency notifies ANR Pipeline. ANR Pipeline shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

IV. Conclusion

28. For the reasons discussed above, the Commission finds that ANR Pipeline's proposal is required by the public convenience and necessity and that the requested certificates and abandonment authority regarding the facilities described in this order and in the applications should be granted, subject to the conditions discussed herein and listed in Appendices A and B.

29. The Commission, on its own motion, received and made part of the record in this proceeding all evidence, including the application and exhibits thereto, submitted in support of the authorizations sought herein, and upon consideration of the record,

¹⁵ 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) In Docket No. CP06-464-000, a certificate of public convenience and necessity is issued to ANR Pipeline authorizing it to construct, own, and operate the storage and associated pipeline facilities, as described more fully in this order and in the application.

(B) In Docket No. CP06-463-000, permission for and approval of the abandonment by sale by ANR Storage of an ownership interest in the Cold Springs Lateral to ANR Pipeline, as described above and in the application, are granted.

(C) The certificate issued in Ordering Paragraph (A) is conditioned upon ANR Pipeline's compliance with all applicable Commission 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 of the regulations. The facilities authorized in Ordering Paragraph (A) shall be completed and made available for service by November 1, 2008, in accordance with section 157.20(b) of the regulations.

(D) ANR Storage shall notify the Commission of the effective date of the abandonment authorized in paragraph (B) within 10 days thereof.

(E) The certificate issued in Ordering Paragraph (A) is conditioned upon ANR Pipeline's compliance with the engineering and environmental conditions set forth in Appendices A and B to this order.

(F) ANR Pipeline's proposed incremental reservation rates under Rate Schedule FSS are approved.

(G) ANR Pipeline shall file, not less than thirty days, nor more than sixty days, prior to its proposed effective date, actual tariff sheets.

(H) ANR Pipeline shall file its negotiated rate agreements or numbered tariff sheets, not less than 30 days and not more than 60 days, prior to the commencement of service on the project for each shipper paying a negotiated rate with the following information:

- (1) the exact legal name of the shipper;
- (2) the total charges (the negotiated rate and all applicable charges);
- (3) the receipt and delivery points;
- (4) the volumes of gas to be transported;

(5) the applicable rate schedule for the service; and

(6) a statement affirming that the negotiated rate contract does not deviate in any material aspect from the form of the service agreement in the tariff.

ANR Pipeline is also directed to disclose all consideration linked to the agreements, and to maintain separate and identifiable accounts for volumes transported, billing determinates, rate components, surcharges, and revenues associated with its negotiated rates in sufficient detail so that they can be identified in Statements G, I, and J in any future NGA section 4 or 5 rate case.

(I) ANR Pipeline is directed to ensure that the Project's fuel use costs are the responsibility of the expansion shippers and ANR Pipeline alone. This requirement does not preclude ANR Pipeline from filing a proposal to assess part of fuel costs to system customers to the extent that ANR Pipeline can demonstrate that system customers benefit from the facilities.

(J) ANR Pipeline shall execute contracts with its shippers for the levels and terms of service represented in the precedent agreements prior to commencing construction.

(K) ANR Pipeline shall notify the Commission's environmental staff by telephone, email, and/or facsimile of any environmental noncompliance identified by other federal, state, or local agencies on the same day that such agency notifies ANR Pipeline. ANR Pipeline 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

Engineering Conditions

1. Maximum inventory of natural gas stored in the Cold Springs 1 Storage Field shall not exceed the certificated levels of 19.2 Bcf at 14.73 psia and 60 degrees Fahrenheit, and the maximum shut-in bottom hole storage pressure shall not exceed 4,680 psig without prior authorization of the Commission.
2. The Cold Springs 1 Field shall be operated in such manner as to prevent/minimize gas loss or migration.
3. ANR Pipeline shall submit semiannual reports (to coincide with the termination of the injection and withdrawal cycles) containing the following information (volumes shall be stated at 14.73 psia and 60 degrees Fahrenheit and pressures shall be stated in psia):
 - a. The daily volumes of natural gas injected into and withdrawn from the storage reservoir.
 - b. The volume of natural gas in the reservoirs at the end of the reporting period.
 - c. The maximum daily injection and withdrawal rates experienced during the reporting period, average working pressure on such maximum days, taken at a central measuring point where the total volume injected or withdrawn is measured.
4. Results of any tracer program by which the leakage of injected gas may be determined. If leakage of gas exists, the report should show the estimated total volume of gas leakage, the volume of recycled gas, and the estimated remaining inventory of gas in the reservoir at the end of the reporting period.
5. Any surveys of pressures in gas wells, and the results of back-pressure tests and inventory verification studies conducted during the reporting period.
6. The latest revised structure contour maps showing location of the wells and the location of the gas-water contact if one exists. These maps need not be filed if there is no material change from the maps previously filed.
7. For the reporting period, a summary that includes the below ground surface depth and casing settings of wells drilled, worked over, or recompleted. Additionally, summarize results of reservoir characteristics from any logs or cores taken in each well.

8. Discussion of current operating problems and conclusions.
9. Such other data or reports which may aid the Commission in the evaluation of the storage project.

ANR Pipeline shall continue to file these reports semiannually until the storage inventory volume and pressure have reached or closely approximate the maximum permitted in this order. Thereafter, the reports shall continue on a semiannual basis for a period of one year.

APPENDIX B

Environmental Conditions

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

1. ANR Pipeline shall follow the construction procedures and mitigation measures described in its application and supplement and as identified in the environmental assessment, unless modified by this Order. ANR Pipeline must:
 - a. request any modification to these procedures, measures, or conditions in a filing with the Secretary of the Commission (Secretary);
 - b. justify each modification relative to site-specific conditions;
 - c. explain how that modification provides an equal or greater level of environmental protection than the original measure; and
 - d. receive approval in writing from the Director of the Office of Energy Projects (OEP) **before using that modification**.
2. The Director of OEP has delegation authority to take whatever steps are necessary to ensure the protection of all environmental resources during construction and operation of the project. This authority shall allow:
 - a. the modification of conditions of this Order; and
 - b. the design and implementation of any additional measures deemed necessary (including stop work authority) to assure continued compliance with the intent of the environmental conditions as well as the avoidance or mitigation of adverse environmental impact resulting from project construction and operation.
3. **Prior to any construction**, ANR Pipeline 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. ANR Pipeline shall file a noise survey with the Secretary **no later than 60 days** after placing the authorized unit at the Cold Springs 1 Compressor Station in service. If the noise attributable to the operation of the compressor station at full load exceeds a day-night sound level (L_{dn}) of 55 decibels on the A-weighted scale (dBA) at any nearby

noise-sensitive area, ANR Pipeline shall install additional noise controls to meet that level **within 1 year** of the in-service date. ANR Pipeline shall also confirm compliance with the L_{dn} 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.