

127 FERC ¶ 61,299
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Gulf Crossing Pipeline Company LLC

Docket No. CP07-398-002

ORDER AMENDING CERTIFICATE

(Issued June 26, 2009)

1. On December 5, 2008, Gulf Crossing Pipeline Company LLC (Gulf Crossing) filed an application under section 7(c) of the Natural Gas Act (NGA) to amend the order issued April 30, 2008 (April 30 Order), authorizing it to construct and operate the Gulf Crossing Project, which includes the Mira Compressor Station in Caddo Parish, Louisiana.¹ Gulf Crossing proposes to increase the size of the turbine compressor units, thereby increasing the compression authorized by the April 30 Order at the Mira Compressor Station, which has not been constructed. In addition, on March 11, 2009, Gulf Crossing filed a request for a one-year extension of time to construct and make available for service the Mira Compressor Station. For the reasons set forth below, the Commission will approve the proposed amendment and grant the request for an extension of time.

Background and Proposal

2. The April 30 Order authorized Gulf Crossing to construct and operate approximately 353 miles of new 42-inch diameter pipeline extending from Sherman, Texas to an interconnection with Gulf South Pipeline Company, LP (Gulf South) at its Tallulah Compressor Station in Madison Parish, Louisiana. In addition to the pipeline facilities, the April 30 Order authorized approximately 100,734 horsepower (hp) of compression at four new compressor stations at or near Sherman (25,339 hp) and Paris (29,452 hp), Texas, and Mira (20,604 hp) and Sterlington (25,339 hp), Louisiana. The April 30 Order also authorized Gulf Crossing to lease 90,000 Dth per day capacity on the

¹ See *Gulf Crossing Pipeline Co. LLC*, 123 FERC ¶ 61,100 (2008).

intrastate pipeline system of Enogex, Inc. at the eastern end of the new facilities and 1.05 Bcf per day of capacity on Gulf South's system at the western end of the new facilities.²

3. Gulf Crossing states that, based on the recent operating experience of its parent company, Boardwalk Pipeline Partners, LP with other new high-pressure, large-diameter pipelines and turbine compressors, it has modified its system planning model by utilizing more site-specific factors, such as adding temperature tracking, including the effects of specific compressor packages, and adjusting its assumptions about ambient temperatures. The combined results of these modifications, it explains, yield more conservative capacity estimates and decrease the previously anticipated capacity of the authorized pipeline on a long-haul basis.

4. At the time it filed its application for the Gulf Crossing Project, Gulf Crossing had entered into binding precedent agreements with shippers for 1.05 Bcf per day of capacity for terms ranging from five to ten years. Since then, Gulf Crossing states that one existing contracting shipper and another new shipper have contracted for additional service to raise the total capacity under contract to 1.7 Bcf per day.

5. In addition to the services already under contract, Gulf Crossing states that the reconfiguration of the Mira Compressor Station will permit Gulf Crossing to provide "short-haul" transportation from Bennington, Oklahoma to a proposed delivery point with Natural Gas Pipeline of America (NGPL) upstream of the Mira Compressor Station.³ No customers have contracted for this capacity, but Gulf Crossing states that it intends to conduct an open season for this capacity in the future. This service is not possible under the current certificate.

6. To accommodate these changes, Gulf Crossing proposes to increase the horsepower at the Mira Compressor Station by installing one Solar Mars 100 turbine compressor unit and one Solar Titan 130 turbine compressor unit instead of the previously authorized Solar Taurus 70 compressor units. This modification will increase the horsepower at the Mira Compressor Station from 20,604 hp to 35,500 hp, for a gain of 14,896 in total horsepower. The reconfiguration of the Mira Compressor Station will

² As part of the overall project, the Commission also authorized Gulf South to construct additional compression and approximately 18 miles of pipeline loop on the Gulf South system between its Tallulah Compressor Station and its Harrisville Compressor Station in Simpson County, Mississippi.

³ The new delivery point would be constructed under Gulf Crossing's blanket certificate.

provide the Gulf Crossing pipeline with 1.726 Bcf per day of firm transportation capacity.

Interventions

7. Notice of the application was published in the *Federal Register* on December 16, 2008 (73 Fed. Reg. 78,770). No motions to intervene, notices of intervention, or protests have been filed in response to the notice.

Discussion

8. The April 30 Order analyzed Gulf Crossing's proposals in light of the Commission's Certificate Policy Statement⁴ and found that the proposals were in the public convenience and necessity.⁵ Specifically, we found that, as conditioned in the April 30 Order, existing customers will not subsidize the project, that the project will not degrade any present services to existing customers, that the project will have no adverse impact on existing pipelines or their captive customers, and that Gulf Crossing has taken appropriate steps to minimize adverse impacts on landowners. We found that the Gulf Crossing Project will benefit the public because it will provide a new outlet for onshore domestic gas supplies to the interstate market from capacity constrained production areas. We also found that the project will help create market alternatives and enhance gas supplies available to customers on other connected pipelines.

9. The increased compression at the Mira Compressor Station will allow Gulf Crossing to provide the additional transportation service for which it has contracted since the April 30 Order was issued and to provide a new short-haul service upstream of the compressor station. Gulf Crossing's proposal to modify the new Mira Compressor Station will enhance the benefits expected from the project and accords with the Commission's previous findings that the Gulf Crossing Project is consistent with the Certificate Policy Statement. Accordingly, we will amend the April 30 Order to authorize Gulf Crossing to install and operate the proposed compressor units.

Rates

10. Gulf Crossing states that the proposed reconfiguration at the Mira Compressor Station will result in only a *de minimis* increase in the overall cost of the Gulf Crossing

⁴ *Certification of New Interstate Natural Gas Pipeline Facilities*, 88 FERC ¶ 61,227 (1999), *order on clarification*, 90 FERC ¶ 61,128, *order on clarification*, 92 FERC ¶ 61,094 (2000) (Certificate Policy Statement).

⁵ April 30 Order, 123 FERC ¶ 61,100 at P 36.

Project and on its cost of service. For this reason, it does not propose any change in its initial recourse rates.

11. Gulf Crossing states, however, that before placing the Mira Compressor Station in service it will make a filing to revise the initial recourse rates to reflect incurred and projected increases in construction and materials costs for all the Gulf Crossing Project's facilities authorized in the April 30 Order.

12. In regard to Gulf Crossing's statement, we note that a pipeline may make changes to its initial recourse rates prior to placing its facilities into service through an amendment to its application under NGA section 7(c). After the facilities are constructed and placed in service, however, a pipeline must make a NGA section 4 filing to change its rates to reflect revised construction and operating costs.⁶ Because Gulf Crossing has already placed some of the Gulf Crossing Project facilities in service, any application to increase its initial recourse rates must be done through a section 4 filing.

Engineering

13. We conducted an analysis of the engineering information submitted by Gulf Crossing in its application. Based on model information for the proposed expansion of the Mira Compressor Station updated to include site specific factors, we find that Gulf Crossing's system is properly designed for a maximum capacity 1.726 Bcf a day of long-haul firm transportation. Additionally, we find that the proposal will allow Gulf Crossing to provide an additional 0.103 Bcf a day of short-haul transportation from Bennington, Oklahoma to an interconnection with NGPL upstream of the Mira Compressor Station.

Environment

14. On February 4, 2009, we 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; conservation organizations; Native American groups; local libraries and newspapers; and landowners in the vicinity of the proposed project.

15. In response to the NOI, we received comments from Mr. Dale Hopper, the Louisiana Department of Wildlife and Fisheries, and the U.S. Fish and Wildlife Service. The agency comments stated that they did not expect any impacts to their areas of concern.

⁶*MarkWest Pioneer, L.L.C.*, 125 FERC ¶ 61,165 (2008); *Midcontinent Express Pipeline, LLC*, 124 FERC ¶ 61,089 (2008).

16. The Commission's staff prepared an environmental assessment (EA) for Gulf Crossing's proposal which was placed in the public record on April 17, 2009. The EA included a summary of the project's stated purpose and need, and an analysis of potential impacts on geology, soils, water resources, wetlands, vegetation, fish and wildlife, threatened and endangered species, land use, recreation, cultural resources, air quality, noise impacts, and alternatives. The EA also addressed all substantive issues raised in the scoping comment letters.

17. The NOI requested interested persons to submit written comments on environmental issues associated with Gulf Crossing's proposal, and explained when and where these comments should be submitted. Mr. Hopper indicated that he wished to comment on the proposal at a public hearing. Although we often conduct public meetings in the vicinity of a proposed project to assist us in identifying and addressing potential environmental concerns, and did in fact conduct public meetings for the original Gulf Crossing Project (including the Mira Compressor Station), a public meeting was not needed here in view of the minor nature of the proposed increase in horsepower at the Mira Compressor Station and the anticipated absence of any significant environmental impacts.

18. Mr. Hopper did, however, submit a written comment expressing a concern about the possible noise from the compressor station. The EA discussed noise impacts and concluded that the changes to the Mira Compressor Station would result in only a minor increase to the anticipated noise levels in the previously authorized compressor station configuration. The noise level attributable to the modified Mira Compressor Station should remain within the Commission's standard allowable noise level. To ensure that this is the case, Environmental Condition No. 5 to this order requires Gulf Crossing to conduct a noise survey after the equipment is placed in service, and to take appropriate action if the noise level exceeds a day-night sound level (Ldn) of 55 decibels on the A-weighted scale (dBA) at any nearby noise sensitive areas (NSA).

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

20. Any state or local permits issued with respect to the jurisdictional facilities authorized herein must be consistent with the conditions of this certificate. We encourage 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.⁷

Extension of Time

21. The April 30 Order required that the Gulf Crossing Project facilities be constructed and placed in service by April 30, 2009. In view of the amendment proposed here, Gulf Crossing requests a one-year extension of time to complete the Mira Compressor Station and make the facilities available for service. The extension of time is reasonable and will be granted.

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

The Commission orders:

(A) Gulf Crossing's certificate of public convenience and necessity, issued April 30, 2008, is amended to authorize Gulf Crossing to construct and operate the Mira Compressor Station facilities described in the body of this order, and as more fully described in the application.

(B) This authorization is conditioned on Gulf Crossing'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.

(C) Gulf Crossing's Mira Compressor Station facilities must be constructed and made available for service within one year from the date of the order in this proceeding, as required by section 157.20(b) of the Commission's regulations.

(D) Gulf Crossing must comply with the environmental conditions set forth in the April 30 Order and in the appendix to this order. Gulf Crossing shall notify the Commission's environmental staff by telephone, e-mail, and/or facsimile of any environmental non-compliance identified by other federal, state, or local agencies on the same day that such agency notifies Gulf Crossing. Gulf Crossing shall file written

⁷ 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.*, 52 FERC ¶ 61,091 (1990) and 59 FERC ¶ 61,094 (1992).

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

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

1. Gulf Crossing shall follow the construction procedures and mitigation measures described in its application and supplements and as identified in the EA, unless modified by this order. Gulf Crossing must:
 - a. request any modifications 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 insure the protection of all environmental resources during construction and operation of the project. This authority would 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 construction, Gulf Crossing shall file an affirmative statement with the Secretary, certified by a senior company official, that all company personnel, environmental inspectors, and contractor personnel would be informed of the environmental inspector's authority and have been or would be trained on the implementation of the environmental mitigation measures appropriate to their jobs before becoming involved with construction and restoration activities.
4. Gulf Crossing must receive written authorization from the Director of OEP **before commencing service** from the project. Such authorization will only be granted following a determination that rehabilitation and restoration of the right-of-way and other disturbed areas is proceeding satisfactorily.
5. Gulf Crossing shall file a Compressor Noise Survey with the Secretary **no later than 60 days** after placing the authorized Mira Compressor Station in service. If the noise attributable to the operation of the Mira Compressor Station exceeds a dBA of 55 Ldn at any nearby NSA, Gulf Crossing must install additional noise

controls to meet that level **within one year** of the in-service date. Gulf Crossing should confirm compliance with this requirement by filing a second noise survey with the Secretary **no later than 60 days** after it installs the additional noise controls.