

142 FERC ¶ 61,228
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON D.C. 20426

March 27, 2013

In Reply Refer To:
Gulf Shore Energy Partners, LP
Docket No. CP13-78-000

Gulf Shore Energy Partners, LP
333 Clay Street, Suite 4500
Houston, Texas 77002

Attention: Mark W. Fuqua, President

Reference: Amended Certificate Application

Dear Mr. Fuqua:

1. On February 11, 2013, Gulf Shore Energy Partners, LP (Gulf Shore) filed an abbreviated application to amend the certificate issued to Gulf Shore on December 12, 2012 in Docket Nos. CP12-520-000, *et al.*¹ The Commission will grant Gulf Shore's request to amend its certificate to reflect revised initial rates for the reasons discussed below.

2. In the instant amended application, Gulf Shore states that it will incur the following increased and additional expenses related to its acquisition of the facilities from Dominion South Pipeline Company, LP² and its electric compressor unit to be installed.

¹ *Dominion South Pipeline Co., LP and Gulf Shore Energy Partners, LP*, 141 FERC ¶ 62,183 (2012) (Certificate Order).

² On October 20, 2005, in Docket Nos. CP05-76-000, *et al.*, Dominion South Pipeline Company, LP was authorized to construct and operate a new interstate pipeline system consisting of five feet of 12-inch diameter pipeline in Matagorda County, Texas, connecting the interstate pipeline systems of Transcontinental Gas Pipe Line Company, LLC and Florida Gas Transmission Company, LLC (*See Dominion South Pipeline Co., L.P.*, 113 FERC ¶ 61,064 (2005)). On September 10, 2012, Dominion South in Docket No. CP12-519-000 and Gulf Shore in Docket No. CP12-520-000 filed a joint application

(continued...)

Gulf Shore expects its right-of-way acquisition costs to increase due to negotiations with a landowner who owns the land on which Gulf Shore proposes to locate its compressor unit. The amended amount of \$85,000 reflects an increase of \$65,000 as listed on Line 19 of Amended Exhibit K. Gulf Shore states that its outside consultancy expenses have increased due to the necessary regulatory and environmental work required by the Certificate Order. The amended amount of \$113,530 reflects an increase of \$48,530 as listed on Line 22 of Amended Exhibit K. Gulf Shore states that it expects to incur increased expenses for cable, a transformer, trucking, shipping, transportation, rock and gravel, as well as sales tax. The amended amount of \$277,240 reflects an increase of \$84,000 as listed on Lines 8, 11, 14, and 16 of Amended Exhibit K. Gulf Shore states that additional expenses will be incurred due to the requirements in the Appendix of the Certificate Order to include a noise barrier and to conduct an additional noise survey.³ The amended amount of \$533,804 reflects an increase of \$135,507 as listed on Lines 21, 32, 36, and 37 of Amended Exhibit K. Gulf Shore states that all of these increased and additional costs (1) have either been incurred or are estimated in good faith to be incurred, (2) reflect more recent and accurate information, and (3) reflect additional costs resulting from the requirements of the Certificate Order. Finally, Gulf Shore states that there has been a reduction in expense for lube oil tanks. The amended amount of \$10,000 reflects a decrease of \$30,000 as listed on Line 12 of Amended Exhibit K.

3. Gulf Shore states that as required by the Certificate Order at Page 9, it has included the cost data and required exhibits supporting its amended initial rates. Gulf Shore states that the new exhibits reflect the changes required by the Certificate Order pertaining to accumulated depreciation as well as an allocation of costs to interruptible service. Because of these changes to comply with the Certificate Order, the amended application results in an overall proposed lower rate. Gulf Shore states that because the amended application only pertains to the derivation of Gulf Shore's initial rates, it requests an expedited ruling.

under sections 7(b) and 7(c) of the Natural Gas Act (NGA) and Parts 157 and 284 of the Commission's regulations requesting among other things: (1) authorization for Dominion South to abandon its entire interstate natural gas pipeline system by sale to Gulf Shore; (2) authorization for Gulf Shore to acquire and operate Dominion South's facilities; and (3) certificate authorization for Gulf Shore to install and operate compression facilities on the pipeline facilities to be acquired from Dominion South. On December 12, 2012, the Commission approved the joint application (*See* Certificate Order, 141 FERC ¶ 62,183).

³ Gulf Shore states that due to the passage of time, its electric compressor will likely become available sooner than expected and as a result Gulf Shore will not likely need to install a temporary gas-driven compressor.

4. Public notice of the filing was issued on February 14, 2013. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2012)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2012)), all timely filed motions to intervene and any unopposed motion to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

5. The Commission finds Gulf Shore's amended initial rates to be in the public convenience and necessity. Gulf South has adequately supported its increased and additional costs incurred as a result of Gulf Shore's acquisition of facilities from Dominion South and the installation of an electric compressor. Although the amended application reflects an overall increase in expenses,⁴ the resulting maximum Rate Schedule FT firm transportation rate has decreased from \$0.9554 per Dth approved in the Certificate Order to \$0.8643 per Dth proposed herein. The reason for the decrease is the result of (1) reflecting the correct beginning accumulated depreciation balance of \$1,768,166 on Schedule D of Amended Exhibit P pursuant to the Certificate Order⁵ and (2) the allocation of 2 percent of its cost of service in the amount of \$21,165 to interruptible transportation service pursuant to the Certificate Order.⁶ As a result, the maximum Rate Schedule IT interruptible rate has also decreased from \$0.0314 per Dth

⁴ The overall increase in Total Facilities Cost of \$303,036 is approximately a 7% increase from Gulf Shore's Adjusted Gas Plant listed on line 6 of Schedule C to Exhibit P of Gulf Shore's certificate application in Docket No. CP12-520-000.

⁵ See Certificate Order, 141 FERC at 64,551. Gulf Shore has included the negative acquisition adjustment of \$1,089,068 from Account No. 114 in the beginning accumulated depreciation balance on Schedule D of Amended Exhibit P to its application. The correct beginning accumulated depreciation balance on Schedule D of Amended Exhibit P reflects both the accumulated provision for the depreciation of gas utility plant in the amount of \$679,098 (Account 108) and the negative acquisition adjustment of \$1,089,068 (Account 114), which results in a new total beginning accumulated depreciation balance of \$1,768,166.

⁶ See Certificate Order, 141 FERC at 64,554. The \$21,165 allocated to interruptible service is reflected on Line 8 of Schedule A to Gulf Shore's Amended Exhibit P. Gulf Shore's level of allocation of costs is reasonable and consistent with Commission precedent. See *Fayetteville Express Pipeline LLC*, 129 FERC ¶ 61,235, at P 29 (2009). See also *Midcontinent Express Pipeline LLC*, 124 FERC ¶ 61,089, at P 93 (2008) and *Cameron Interstate Pipeline, LLC*, 117 FERC ¶ 61,297, at P 22 and n.22 (2006).

approved in the Certificate Order to \$0.0284 per Dth proposed herein. The interruptible rate is derived in the same manner as approved in the Certificate Order based on the 100 percent load factor of the FT rate. Gulf Shore proposes to use the same capital structure and return as well as billing determinants approved in the Certificate Order.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.