

168 FERC ¶ 61,175  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;  
Richard Glick and Bernard L. McNamee.

Gulf South Pipeline Company, LP

Docket No. CP19-3-001

ORDER GRANTING REHEARING

(Issued September 18, 2019)

1. On July 18, 2019, the Commission issued a certificate of public convenience and necessity to Gulf South Pipeline Company, LP (Gulf South), to construct and operate two compressor units, a dehydration unit, a thermal oxidizer, and appurtenant facilities at the existing Petal III Compressor Station in Forrest County, Mississippi (Petal III Compression Project).<sup>1</sup> Gulf South proposed the facilities to enhance the injection and withdrawal capability of Gulf South’s Petal Gas Storage Complex (Petal Complex).<sup>2</sup>

2. The Commission also granted Gulf South’s request to continue to charge market-based rates for its gas storage services, subject to a requirement in our regulations that Gulf South “notify the Commission if future changes in circumstances may significantly affect its present market power status.”<sup>3</sup> The order described seven changed circumstances that would trigger mandatory reexamination of Gulf South’s market-based rate authority for storage services:

- (a) Gulf South seeks to add storage capacity beyond the capacity authorized in this proceeding;
- (b) an affiliate increases storage capacity;
- (c) an affiliate links storage facilities to Gulf South;
- (d) Gulf South, or an affiliate, acquires an interest in, or is acquired by, a pipeline connected to Gulf South;
- (e) there is an expansion of capacity;
- (f) there is acquisition of additional transportation facilities; or

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<sup>1</sup> *Gulf South Pipeline Co., LP*, 168 FERC ¶ 61,034 (2019) (July 18 Order).

<sup>2</sup> *Id.* PP 6-8.

<sup>3</sup> *Id.* P 31 (citing 18 C.F.R. § 284.504(b) (2019)).

- (g) there is an affiliate providing transportation services in the same market area.<sup>4</sup>

3. On August 19, 2019, Gulf South filed a request for clarification or, in the alternative, rehearing of the notification requirement. Gulf South asserts that the Commission has only imposed a notification requirement for changed circumstances (e), (f), and (g) if the natural gas company provides or will provide wheeling transportation services at market-based rates.<sup>5</sup> Gulf South notes that the Commission omitted these three examples from the 2014 order that authorized Gulf South both to acquire the Petal Gas Storage Complex and to charge market-based rates for its storage services on the combined facilities.<sup>6</sup>

4. Gulf South requests that the Commission clarify that the notification requirements for changed circumstances (e), (f), and (g) apply only to storage capacity, facilities, and services, and do not apply to transportation capacity, facilities, or services.<sup>7</sup> In the alternative, Gulf South requests that the Commission grant rehearing of the July 18 Order on the same grounds and eliminate the notification requirements for changed circumstances (e), (f), and (g).<sup>8</sup>

5. We grant the request for rehearing.<sup>9</sup> Gulf South is correct that the Commission includes changed circumstances (e), (f), and (g) in orders addressing existing or new market-based rate authority for wheeling services. Because Gulf South provides no wheeling services or other transportation services at market-based rates, and for consistency, we will remove clauses (e), (f), and (g) from the July 18 Order.

6. Upon further examination, we note that the remaining changed circumstances (a) through (d) differ in some respects from the requirements in section 284.504 of the

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<sup>4</sup> July 18 Order, 168 FERC ¶ 61,034 at P 31.

<sup>5</sup> Gulf South August 19, 2019 Request for Clarification or Rehearing at 3-4 (citing nine prior Commission orders).

<sup>6</sup> *Id.* at 5 (citing *Gulf South Pipeline Co., LP*, 149 FERC ¶ 61,174, at P 42 (2014)).

<sup>7</sup> *Id.* at 3-4, 5-6.

<sup>8</sup> *Id.* at 7-8.

<sup>9</sup> Because we grant Gulf South's request for rehearing, we dismiss Gulf South's alternative request for clarification as moot.

Commission's regulations, cited in the July 18 Order.<sup>10</sup> Under this regulation, a storage service provider granted authority to charge market-based rates must notify the Commission of "significant changes occurring in its market power status" including, but not limited to:

- (1) The storage provider expanding its storage capacity beyond the amount authorized in this proceeding;
- (2) The storage provider acquiring transportation facilities or additional storage capacity;
- (3) An affiliate providing storage or transportation services in the same market area; and
- (4) The storage provider or an affiliate acquiring an interest in or is acquired by an interstate pipeline.<sup>11</sup>

To provide guidance in our case-by-case determinations on market-based-rate proposals,<sup>12</sup> the Commission regularly includes examples of changed circumstances that would trigger the duty to notify the Commission. These examples, such as examples (a) through (d) in the July 18 Order, are not intended to and do not limit the broader duty established in our regulations.

The Commission orders:

Gulf South's request for rehearing is granted, and its alternative request for clarification is dismissed, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

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<sup>10</sup> July 18 Order, 168 FERC ¶ 61,034 at P 31 n.42 (citing 18 C.F.R. § 284.504(b)).

<sup>11</sup> 18 C.F.R. § 284.504(b) (2019). We note that our regulations define transportation to include "storage, exchange, backhaul, displacement, or other methods of transportation." 18 C.F.R. § 284.1(a) (2019) (emphasis added).

<sup>12</sup> See *Alternatives to Traditional Cost-of-Service Ratemaking for Natural Gas Pipelines*, 74 FERC ¶ 61,076, at 61,236 (1996) (reaffirming, in response to comments, that the Commission undertakes case-by-case reviews of market-based-rate proposals).