172 FERC ¶ 61,257
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;
Richard Glick and James P. Danly.

Saltville Gas Storage Company LLC Docket No. CP20-45-000

ORDER AUTHORIZING ABANDONMENT AND AMENDING CERTIFICATE

(Issued September 17, 2020)

1. On January 24, 2020, Saltville Gas Storage Company LLC (Saltville) filed an application pursuant to sections 7(b) and 7(c) of the Natural Gas Act (NGA)[1] and part 157 of the Commission's regulations[2] for authorization to abandon 0.4 billion cubic feet (Bcf) of working gas storage capacity at its natural gas storage facilities located in Scott, Smyth, and Washington Counties, Virginia, and to amend the facilities' certificated total, working, and base gas capacities.[3] For the reasons discussed below, we grant the requested authorizations, subject to conditions.

I. Background and Proposal

2. Saltville,[4] a limited liability company organized under the laws of the Commonwealth of Virginia, is a natural gas company as defined by section 2(6)

[1] 15 U.S.C. § 717f(b), (c).

[2] 18 C.F.R. pt. 157 (2020).

[3] Saltville only requests that we amend its certificate under section 7(c) of the NGA. However, because Saltville seeks to permanently reduce the level of certificated working gas capacity of its storage facilities, we also analyze the proposal as an abandonment under section 7(b) of the NGA. *See Tres Palacios Gas Storage LLC*, 160 FERC ¶ 61,107, at P 24 (2017) (*Tres Palacios*), *reh'g denied*, 162 FERC ¶ 61,255 (2018).

[4] Saltville is a direct subsidiary of Spectra Energy Partners, LP, which is an indirect, wholly owned subsidiary of Enbridge, Inc.

of the NGA[5] engaged in the storage of natural gas in interstate commerce. Saltville operates two salt cavern storage facilities, the Saltville Storage Facility and the Virginia Storage Facility (collectively, the Salt Cavern Storage Facilities),[6] and a depleted reservoir storage facility, the Early Grove Storage Facility. All of these facilities are located in southwestern Virginia.

3. On June 14, 2004, the Commission issued a certificate of public convenience and necessity authorizing Saltville to provide jurisdictional storage service at the Saltville Storage Facility, which originally consisted of four bedded salt storage caverns.[7] On March 3, 2008, Saltville was authorized, pursuant to its blanket construction certificate, to acquire and operate the Virginia Storage Facility and the Early Grove Facility.[8] Table 1 in the Appendix shows the currently certificated total, working, and base gas capacities for Saltville's storage facilities.

4. In May 2016, Saltville conducted a volume analysis of the Salt Cavern Storage Facilities.[9] Based on the results of this analysis, along with Saltville's well pressure and gas measurement data from 2014 through 2019, Saltville states that it has verified the operational storage capacity of the Salt Cavern Storage Facilities and concluded that the total, working, and base gas capacity should be reduced. Accordingly, Saltville proposes to reduce the total capacity of its Salt Cavern Storage Facilities by 0.53 Bcf, from 6.30 Bcf to 5.77 Bcf; the working gas capacity by 0.40 Bcf, from 4.00 Bcf to

[5] 15 U.S.C. § 717a(6).

[6] The Saltville Storage Facility comprises two bedded salt caverns, the Upper Tier Cavern and the Lower Tier Cavern. The Virginia Storage Facility consists of one bedded salt cavern, the Old Saltville Cavern. All three caverns operate in pressure communication as one. Additionally, the Upper Tier and Lower Tier caverns can be operated in parallel as one unit if storage operations so require.

[7] *Saltville Gas Storage Co. L.L.C.*, 107 FERC ¶ 61,267 (2004), *order on reh'g*, 109 FERC ¶ 61,200 (2004) (authorizing Saltville to reduce the working gas and total gas capacity of the facilities and to abandon construction of Cavern 4). In 2008, the Commission authorized Saltville to further reduce the total and working gas capacity of its storage facility. *Saltville Gas Storage Co. LLC*, 122 FERC ¶ 61,151 (2008).

[8] *Notice of Request Under Blanket Authorization*, Docket No. CP08-39-000, at 1 (issued Jan. 2, 2008).

[9] Specifically, Saltville engaged Dowdle and Associates to conduct a p/Z vs. Volume analysis, commonly referred to as a pressure-inventory analysis. The pressure inventory analysis plots measurable pressures to cavern capacity and enables the measurement of actual cavern capacity at a given pressure.

3.60 Bcf; and the base gas capacity by 0.13 Bcf, from 2.30 Bcf to 2.17 Bcf. Saltville does not propose any changes to the certificated capacity at its Early Grove Storage Facility or any changes to the certificated pressures at any of its storage facilities.[10] When the unchanged amounts for Early Grove are included, Saltville's request would reduce the total certificated capacity at its storage facilities from 9.6 Bcf to 9.07 Bcf, consisting of 5 Bcf of working gas capacity and 4.07 Bcf of base gas capacity. Saltville is also not proposing to construct, remove, or modify any facilities as part of its application, nor is it proposing any changes to its rates or tariff.

II. Procedural Issues

A. Notice, Interventions, and Comments

5. Notice of Saltville's application was published in the *Federal Register* on February 6, 2020, setting February 20, 2020, as the deadline to file comments and motions to intervene.[11] The following entities submitted timely, unopposed motions to intervene: Atmos Energy Corporation (Atmos Energy); Columbia Gas of Virginia, Inc.; Duke Energy Carolinas, LLC; Duke Energy Progress, LLC; and Public Service Company of North Carolina, Inc. (PSNC).[12] The North Carolina Utilities Commission (NCUC) filed a timely notice of intervention.[13]

6. PSNC, Atmos Energy, and NCUC filed comments expressing concern with certain aspects of Saltville's proposal, and, on March 6, 2020, Saltville filed an answer to these comments. The comments and answer are discussed below.

B. Access to Critical Energy Infrastructure Information

7. NCUC argues that Saltville relies on the volume analysis submitted in Exhibit Z-1 as Critical Energy Infrastructure Information (CEII) to justify its proposed capacity reduction, but failed to make this information available for review under a self-implementing protective agreement. Therefore, NCUC asserts that the Commission should not be able to rely on this information when making its findings in this

[10] Saltville May 1, 2020 Response to Data Request at 4–5.

[11] 85 Fed. Reg. 6941 (2020).

[12] Timely, unopposed motions to intervene are granted pursuant to Rule 214 of the Commission's Rules of Practice and Procedure. 18 C.F.R. § 385.214(c)(1) (2020).

[13] Under Rule 214(a)(2) of the Commission's Rules of Practice and Procedure, NCUC became a party to the proceeding upon timely filing of its notice of intervention. 18 C.F.R. § 385.214(a)(2) (2020).

proceeding.[14] In its answer, Saltville states that it will provide the analysis in Exhibit Z-1 to individuals and entities who filed a motion to intervene and executed the protective agreement attached to its answer.[15]

8. The Commission's regulations require anyone who files material as CEII in a proceeding to which a right to intervene exists, as is the case here, to include a proposed protective agreement with the filing to give intervenors access to the CEII material.[16] While Saltville neglected to provide the required protective agreement with its initial application, it provided the protective agreement with its answer, giving NCUC and other intervenors ample opportunity to obtain and review the materials before the Commission made its determination. Since Saltville filed the protective agreement, no party has raised concerns about the agreement itself or its inability to access information.

III. Discussion

9. Because Saltville's storage facilities are used to provide natural gas storage service in interstate commerce, subject to the Commission's jurisdiction, Saltville's proposal is subject to the requirements of subsections (b), (c), and (e) of section 7 of the NGA.[17]

A. Abandonment

10. Section 7(b) of the NGA provides that a natural gas company may abandon jurisdictional facilities or services if the Commission finds the abandonment is permitted by the present or future public convenience or necessity.[18] The Commission has stated that continuity and stability of existing service are the primary considerations in assessing whether the public convenience and necessity permit the abandonment.[19] If the Commission finds that the proposed abandonment will not jeopardize continuity of

[14] NCUC February 20, 2020 Comments at 2–3; *see also* Atmos Energy February 20, 2020 Comments at 2 n.1.

[15] Saltville March 6, 2020 Answer at 2.

[16] 18 C.F.R. § 388.113(d)(1)(iii) (2020).

[17] 15 U.S.C. § 717f(b), (c), (e).

[18] *Id.* § 717f(b).

[19] *Monroe Gas Storage Co., LLC*, 168 FERC ¶ 61,126, at P 10 (2019) (*Monroe Gas*) (citing *WBI Energy Transmission, Inc.*, 163 FERC ¶ 61,033, at P 22 (2018) (*WBI Energy*) and *Tres Palacios*, 160 FERC ¶ 61,107 at P 25).

existing gas transportation services, it will defer to the company's business judgement to abandon the facilities.[20]

11. Commission policy also requires storage companies to obtain prior approval from the Commission before making changes to the certificated parameters of their storage facilities, including capacities and pressures.[21] This requirement allows staff and the public to review and analyze the new design parameters and confirm that they are technically sound and feasible.[22] When analyzing the proposed changes to these parameters, the Commission's concern is the integrity of the storage fields.[23]

1. Effects to Existing Customers

12. As stated above, continuity and stability of existing service are the primary considerations in assessing the public convenience or necessity. Here, Saltville states that its proposed amendment would not affect the service it provides under its existing firm storage contracts.

13. Commenters, however, argue that because Saltville's storage facilities are fully subscribed, reducing the working gas capacity of the facilities from 5.4 Bcf to 5.0 Bcf[24] may affect the storage rights of Saltville's existing firm shippers.[25] NCUC requests that Saltville (1) provide additional information as to the level of firm service Saltville is obligated to provide under its tariff and contracts, and (2) explain how it determined

[20] *Monroe Gas*, 168 FERC ¶ 61,126 at P 10 (citing *WBI Energy*, 163 FERC ¶ 61,033 at P 22 and *Nat. Fuel Gas Supply Corp.*, 160 FERC ¶ 61,050, at P 17 (2017)).

[21] *Transcontinental Gas Pipe Line Co., LLC*, 142 FERC ¶ 61,095, at P 45 (2013) (*Transco*).

[22] *Monroe Gas*, 168 FERC ¶ 61,126 at P 11.

[23] *Tres Palacios*, 160 FERC ¶ 61,107 at P 26; *Transco*, 142 FERC ¶ 61,095 at P 45.

[24] Saltville proposes to reduce the working gas capacity from 4.0 Bcf to 3.6 Bcf for the Salt Cavern Storage Facilities, which when combined with the Early Grove Facility's working gas capacity of 1.4 Bcf results in a total working gas capacity of 5.0 Bcf.

[25] PSNC February 20, 2020 Comments at 2; NCUC Comments at 4; Atmos Energy Comments at 3.

whether it will have adequate capacity in both the winter and summer periods to meet its existing firm storage contract obligations if the certificate amendment is granted.[26]

14. Atmos Energy expresses concern that Saltville's Electronic Bulletin Board (EBB) represented that it was fully subscribed even though there was apparently 0.4 Bcf of unsubscribed capacity available, raising questions about the validity of other EBB postings. Atmos Energy theorizes that the reason 0.4 Bcf needs to be eliminated from the overall working gas capacity and will be unavailable to customers is because there is insufficient available withdrawal capability, which will prevent Saltville from offering that capacity to customers when required.[27]

15. In its answer, Saltville reaffirms that its proposed capacity reduction will not impact service to its firm storage customers. It states that it currently has approximately 4.9 million dekatherms (Dth) of storage capacity under contract on a full-year basis and an additional 300,000 Dth of storage capacity subscribed under a seasonal contract, which is provided through displacement of other injection and withdrawals. Saltville contends that the reduction of working gas capacity at the Salt Cavern Storage Facilities to 3.60 Bcf (5.0 Bcf overall) will still allow it to meet these obligations on both an annual and seasonal basis.[28]

16. In response to Atmos Energy's comments that Saltville has not posted available capacity on its system, Saltville states that Atmos Energy misunderstands how Saltville offers storage services and operates its system. Saltville clarifies that because it has insufficient withdrawal capacity to support contracting for the full 5.4 Bcf of its certificated working gas capacity, it has only posted the 5.0 Bcf of working capacity on its system.[29] Saltville explains that it currently offers its customers low and high deliverability storage options to provide maximum flexibility. Saltville states that in the contracting process, customers requested the number of storage turns[30] to meet their

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[26] NCUC Comments at 4.

[27] Atmos Energy Comments at 3.

[28] Saltville Answer at 3. Saltville has a heating value factor requirement range of 967 British thermal unit per standard cubic feet of gas (btu/scf) to 1060 btu/scf, which accounts for the difference between stored capacity measured in Dth versus Bcf.

[29] Saltville Answer at 3–4.

[30] Under Saltville's rates, a turn is the injection into and withdrawal from storage of a single unit of natural gas. Saltville has offered customers the ability to fully use their full injection and withdrawal capabilities to cycle or "turn" its maximum level of contracted storage capacity up to 12 times over the course of a year.

storage needs and Saltville awarded available injection and withdrawal quantities necessary to satisfy these requests in accordance with its tariff and Commission policy.[31]

17. With respect to NCUC's questions about whether Saltville will have adequate capacity in winter and summer periods to meet its firm obligations if the abandonment is granted, Saltville asserts that even with its varying turns of service, its storage system still experiences traditional injection and withdrawal patterns, with customers injecting more during the non-winter period and withdrawing more during the winter period. Therefore, Saltville contends that during the non-winter period, when customers are injecting more, Saltville will be able to meet all the firm requirements of both its full-year customers and seasonal customers through its available operating parameters, which include a displacement component similar to that provided on pipeline facilities.[32]

18. We find that Saltville's proposal will not affect the services provided to its firm storage customers. As stated above, the available withdrawal capability has limited Saltville's ability to offer the entire certificated amount of working gas capacity at its storage facilities on a firm basis. Currently, firm storage customers only use 5.0 Bcf of storage capacity on a full-year basis, and Saltville will continue to offer this level of service if its proposal is approved. With respect to seasonal firm contracts, Saltville provides these services through displacement and will continue to be able to offer them even after working gas capacity is reduced. As discussed below, Saltville's facilities have been unable to achieve a working gas capacity of 5.4 Bcf, but no commenter alleges that there have been previous disruptions of firm service.

2. Effects to Cavern Integrity

19. In support of its application, Saltville provides a volume analysis report along with operational pressure and capacity data for its Salt Cavern Storage Facilities. Saltville asserts that the public interest is served by basing the certificated capacity of its Salt Cavern Storage Facilities on the actual capacity that the facilities can physically store and that it has already been operating the Salt Cavern Storage Facilities at 3.60 Bcf working gas storage capacity instead of its current certificated 4.0 Bcf working gas storage capacity.

20. After reviewing Saltville's proposal, including the supporting data provided by Saltville, we find that the abandonment of working gas capacity and amendment of the certificated parameters are necessary to ensure that the certificated storage capacities of the facilities reflect their actual storage capability. Because Saltville's proposed restatement of storage cavern capacity reflects the actual capacity of the caverns at

[31] Saltville Answer at 4.

[32] *Id.* at 5.

maximum allowable operating pressure, including maintenance of enough base gas capacity to ensure minimum operating pressures, cavern integrity will not be affected by the proposal, provided that all other certificated parameters and engineering conditions for the facilities remain unchanged. Therefore, we find the abandonment and amendment are permitted by the public convenience or necessity.

B. Rates

21. In its comments, NCUC asserts that Saltville did not provide any analysis on whether the abandonment will increase its rates in the future and argues that a potential future rate impact should be quantified as part of the Commission's analysis.[33] In response, Saltville contends that there is no requirement to analyze rate impacts as part of its application because no rate impacts exist. Saltville states that its currently effective rates were developed based on contracted, not certificated capacity, and that no new contracted quantities will result as part of its application.[34] Therefore, approval of the application will not change the contracted capacity and there are no rate impacts to analyze or further rate studies to conduct.[35]

22. Because Saltville's rates for services were established in a settlement,[36] and its proposal will not change the amount of capacity it has contracted with customers, we find that Saltville's rates will not be affected by the proposed reduction in working gas storage capacity; therefore, an analysis of any potential rate impacts is not required.

C. Environmental Analysis

23. Because Saltville does not propose any construction, removal, ground-disturbing activities, or changes to land-use activities, we find that the requested authorizations will not result in any environmental impacts.[37]

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[33] NCUC Comments at 2, 4–5.

[34] *See* Section 4 Rate Case Filing, Docket No. RP18-1115-000 (filed Aug. 31, 2018). The Commission accepted Saltville's proposed tariff records, including the rates therein, without suspension. *See Saltville Gas Storage Co. L.L.C.*, 164 FERC ¶ 61,235 (2018).

[35] Saltville Answer at 5–6.

[36] *Saltville Gas Storage Co. L.L.C.*, 167 FERC ¶ 61,111 (2019).

[37] Commission Staff January 30, 2020 Environmental Assessment Report at 1.

D. Conclusion

24. Based on our abandonment determination above and the fact that the proposal will have no impacts on the environment, we find under section 7 of the NGA that the public convenience and necessity requires approval of Saltville's proposal to reduce the working gas storage capacity of its facilities as discussed herein.

25. At a meeting held on September 17, 2020, 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, and all comments, and upon consideration of the record,

The Commission orders:

(A) Saltville's proposed abandonment is granted.

(B) Saltville's request for amendment of its certificate authority to reduce the total certificated capacity at its storage facilities from 9.6 Bcf to 9.07 Bcf, consisting of 5 Bcf of working gas capacity and 4.07 Bcf of base gas capacity, is granted. Saltville shall not operate its gas storage facilities above the certificated levels set forth in Table 2 in the Appendix. All other certificated parameters and engineering conditions for the facilities remain unchanged.

(C) Saltville shall complete the abandonment of the working gas as authorized herein within one year of the date of this order.

(D) Saltville shall notify the Commission within 10 days of the date of abandonment described above.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

Appendix – Certificated and Proposed Gas Capacities

Table 1: Certificated Working Gas, Base/Cushion Gas, and Total Gas Capacity of Saltville's Storage Facilities[38]

Storage Field	Working Gas Capacity (Bcf)	Base/Cushion Gas (Bcf)	Total Gas Capacity (Bcf)
Saltville – Upper Tier	0.84	0.47	1.31
Saltville – Lower Tier	2.16	1.23	3.39
Virginia – Old Saltville	1.00	0.60	1.60
Salt Cavern Subtotal	4.00	2.30	6.30
Early Grove Facility	1.40	1.90	3.30
Total	**5.40**	**4.20**	**9.60**

Table 2: Proposed Working Gas, Base/Cushion Gas, and Total Gas Capacity of Saltville's Storage Facilities[39]

Storage Field	Working Gas Capacity (Bcf)	Base/Cushion Gas (Bcf)	Total Gas Capacity (Bcf)
Saltville – Upper Tier	0.79	0.49	1.28
Saltville – Lower Tier	1.94	1.19	3.13
Virginia – Old Saltville	0.87	0.49	1.36
Salt Cavern Subtotal	3.60	2.17	5.77
Early Grove Facility	1.40	1.90	3.30
Total	**5.00**	**4.07**	**9.07**

[38] Saltville Response to Data Request at 4–5.

[39] *Id.*