

126 FERC ¶ 61,240
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Port Barre Investments, L.L.C.
d/b/a/ Bobcat Gas Storage

Docket No. CP09-19-000

ORDER ISSUING CERTIFICATE

(Issued March 19, 2009)

1. On November 5, 2008, Bobcat Gas Storage (Bobcat) filed an application under section 7(c) of the Natural Gas Act (NGA) for a certificate of public convenience and necessity to construct and operate an expansion of its existing Bobcat Gas Storage Project¹ in St. Landry Parish, Louisiana. The proposed expansion includes three new salt dome natural gas storage caverns, additional compression, and new pipeline facilities. The project would increase Bobcat's authorized gas storage capacity to 51.9 billion cubic feet (Bcf). Bobcat also requests that the Commission reaffirm its market-based rate authority. As discussed below, the Commission finds that Bobcat's proposal is in the public interest and grants Bobcat's requests, subject to conditions.

Background and Proposal

2. Bobcat is a limited liability corporation organized and existing under the laws of Delaware. Bobcat is owned by Haddington Energy Partners III LP, a private equity fund managed by Haddington Ventures, LLC, and General Electric Co. (GE) Energy Financial Services, the energy investing unit of GE.

3. As currently certificated, the Bobcat Gas Storage Project consists of two salt dome storage caverns, Nos. 1 and 2, with a total storage capacity of 20.4 Bcf (10.2 Bcf per cavern) and a total working gas capacity of approximately 15.6 Bcf (7.8 Bcf in each

¹See *Port Barre Investments, L.L.C.*, 116 FERC ¶ 61,052 (2006) (certificating the Bobcat storage facility), *Port Barre Investments, L.L.C.*, 119 FERC ¶ 61,057 (2007) (amending certificate to increase storage capacity), *Port Barre Investments, L.L.C.*, 122 FERC ¶61,197 (2008) (amending certificate to further increase storage capacity).

cavern). The facility can deliver natural gas at the rate of approximately 1.2 Bcf per day (Bcf/d) and receive injection gas at a rate of approximately 0.9 Bcf/d.

4. On November 1, 2008, Bobcat placed Cavern No. 1 in service and commenced natural gas storage and hub services under the terms and conditions of its approved tariff. Cavern No. 2 is under construction.

5. Bobcat states that it is seeking to expand its facilities to better align them with market demand as expressed during its three previous open seasons where bids for service greatly exceeded the capacity Bobcat was offering. Bobcat anticipates holding a fourth open season for the additional capacity that will result from the proposed expansion at a date closer to the expansion's in-service date.

6. Bobcat seeks authorization to add three storage caverns, Nos. 3, 4 and 5, to its storage facility, each with a base gas capacity of 2.5 Bcf and an authorized working gas capacity of 8 Bcf, increasing the facility's total storage capacity by 31.5 Bcf to 51.9 Bcf. Each new cavern would have an authorized capacity of 10.5 Bcf. Bobcat states that the expansion would increase the storage facility's total injection rate from 0.9 to 1.6 Bcf/d and increase the maximum deliverability from 1.2 to 3 Bcf/d. Bobcat states that the expansion will increase the injection/withdrawal opportunities and options for pipelines interconnected to the storage field.

7. Bobcat proposes to construct two pipeline loops. One of the proposed pipelines is a 9.96-mile, 20-inch diameter pipeline extending north from the gas storage site to a Transcontinental Gas Pipe Line Corporation (Transco) interconnect. The pipeline will be co-located with Bobcat's existing 16-inch diameter pipeline within Bobcat's North Pipeline Corridor from milepost (MP) N0.00 to MP N2.14, and with the 20-inch diameter pipeline from MP N0.00 to MP N9.96. The second proposed pipeline is a 2.68-mile, 16-inch diameter pipeline extending west from Bobcat's South Pipeline Corridor to the Gulf South Pipeline Company, LC (Gulf South) interconnect. This pipeline will be co-located with Bobcat's existing 12-inch diameter pipeline within Bobcat's West Pipeline Corridor from MP W0.00 to MP W2.68.

8. Bobcat proposes to expand the Bobcat Compressor Station by installing five 8,180 hp gas-fired engines which will add 26,695 horsepower (hp) of additional compression, increasing the total compression to 64,575 hp.² Bobcat also proposes two 300 MMcf/d dehydration units in place of the two previously authorized 450 MMcf/d units.

² Bobcat states that it has determined that three of the eight previously authorized 4,735 hp gas-fired engines will not be required.

9. Bobcat proposes to increase the deliverability to the four pipelines interconnected to Bobcat's storage facility at four of the five previously authorized meter stations. Deliverability at the interconnects will increase as follows: the Transco interconnect will increase to 1.0 Bcf/d; the Texas Eastern Transmission, LP interconnect will increase to 300 MMcf/d; the ANR Pipeline Company interconnect will increase to 250 MMcf/d; and the Gulf South interconnect will increase to 150 MMcf/d.

10. Finally, Bobcat requests reaffirmation of its market-based rate authority and it includes an updated market power study in its application.

Notice and Interventions

11. Public notice of Bobcat's application was published in the *Federal Register* on November 20, 2008 (73 Fed. Reg. 70,343). No notices of intervention or motions to intervene were filed. Eight parties filed comments in support of Bobcat's expansion project.³

Discussion

12. Since the proposed facilities will be used to provide natural gas service in interstate commerce subject to the jurisdiction of the Commission, Bobcat's proposal is subject to the requirements of the sections 7(c) and (e) of the NGA.

Certificate Policy Statement

13. The Commission's September 15, 1999 Certificate Policy Statement provides guidance as to how it will evaluate proposals for certificating new construction.⁴ 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

³ Those filing comments in support of Bobcat's proposal are Bob Edmundson of PBGS, L.L.C., landowner of the Bobcat storage site, St. Landry Parish President Don Menard, and the following officials of the Town of Port Barre, Louisiana: Mayor Gil Savoy, Jr.; Aldermen Keith LeJeune; Kenneth Marks; and Bobby Soileau; Alderwoman Dr. Paula Sharkey; and Chief of Police Deon Boudreaux.

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).

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.

14. 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.

15. 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. The Commission finds that Bobcat has met this requirement. All of Bobcat's existing customers receive storage service under contracts at market-based rates, there are no cost-based rates that could be increased to reflect the costs of the proposed project. Further, as discussed below, the Commission is approving Bobcat's request to charge customers on the proposed expansion project market-based rates; therefore, Bobcat will assume the economic risks associated with the project's costs to the extent that any capacity is unsubscribed.

16. Since the project will serve increased market demand, there should be no negative impact on existing storage providers or their captive customers. As discussed below, the proposed project will be located in a competitive market and will serve new demand in a region that is experiencing rapid growth in natural gas availability and use. The proposal also will enhance storage options available to pipelines and their customers, and thus, will increase competitive alternatives. No storage company in Bobcat's market area has protested Bobcat's application. Since all new construction, except for 0.1 acre of new land required for the west tie-over site, is located on the existing 83-acre gas storage site, or existing Bobcat pipeline rights-of-way, there would be no additional effects on landowners and surrounding communities. Thus, the expansion will not significantly impact any additional land and would cause no new effects not already considered. Accordingly, consistent with the Certificate Policy Statement and NGA section 7, we find approval of Bobcat's proposal to be in the public convenience and necessity.

Market-Based Rates

17. In this proceeding, Bobcat seeks to construct three new salt dome natural gas storage caverns with a combined total working gas capacity of 24 Bcf.⁵ The three new caverns expand the existing Bobcat Gas Storage Facility and increase capacities as follows: (1) working gas from 15.6 Bcf to 39.6 Bcf; (2) maximum deliverability from 1.2 Bcf/d to 3.0 Bcf/d; and, (3) maximum receipt capacity from 0.9 Bcf/d to 1.6 Bcf/d. We examined the effect of these increases on the relevant calculations and results reflected in Bobcat's updated Market Power Study⁶ for the Gulf Coast region, which, as noted in the study, is particularly active with storage developments.⁷ Bobcat's proposed 24 Bcf net increase in working gas will result in a 2.8 percent increase (i.e., from 1.7 percent to 4.5 percent) in Bobcat's market share, and a small increase in the Herfindahl-Hirschman Index (HHI) value for working gas capacity (from 767 to 801), which remains well below the Commission's threshold for further review of 1,800.⁸ In addition, when Bobcat's expansion is expected to begin service in 2010, approved expansions and new facilities are also expected to be in service, thus Bobcat's working gas capacity market share will fall to 3.6 percent while its HHI value decreases to 634.⁹

18. With respect to Bobcat's ability to provide hub services in the Gulf Coast region, Bobcat presented a matrix referred to as a "bingo-card" analysis, consistent with the Commission's approach in evaluating such services, which identifies all possible interconnects for pipelines attached to a hub and indicates whether good alternatives exist for market participants. The "bingo-card" analysis shows that there are many alternative paths between the interstate pipelines connected to Bobcat. Currently, there are 213 incoming interconnects and 151 outgoing interconnects on the five pipelines to be connected to Bobcat. Accordingly, Bobcat's share of the total incoming capacity for all pipelines is 3.6 percent and its share of the total outgoing capacity for all pipelines is 7.3 percent.¹⁰

⁵ Each of the proposed caverns, Bobcat Nos. 3, 4 and 5, will have a working gas capacity of 8 Bcf.

⁶ This updates Bobcat's latest Market Power Study filed on September 25, 2007, in support of its facilities as set forth in Docket No. CP06-66-002.

⁷ Statement I, Prepared Testimony.

⁸ See Market Power Study, Attachment 1a.

⁹ See Market Power Study, Attachment 1b.

¹⁰ See Market Power Study, Attachment, Attachments 4 through 6.

19. In addition, there are several operating and proposed hubs and/or market centers nearby that are accessible to the pipelines that will be connected to Bobcat. The five pipelines to be connected to Bobcat have 19 direct paths to market centers and hubs in Louisiana, 14 direct paths to market centers and hubs in Texas, 3 direct paths to market centers or hubs in Alabama, and 4 direct paths to market centers and hubs in Mississippi for a total of 40 paths. Further, for the Louisiana, Texas, Alabama, and Mississippi hubs connected to the five pipelines discussed above, the proposed outgoing capacity at Bobcat is 1.85 Bcf/d and the proposed incoming capacity is 1.3 Bcf/d, for which Bobcat's market shares are 11.8 percent and 9.7 percent, respectively with total HHI values of 1,025 and 1,241, respectively.¹¹ In contrast, Bobcat's prior analysis in support of market-based rates for such services using its currently existing facilities found for these outgoing and incoming capacities market shares of 22.7 percent and 27.0 percent, respectively, and total HHI values of 1,269 and 1,854, respectively.¹² The updated analysis reflects a significant reduction in each of these values, ranging between 11 percent and 33 percent, and further reinforces our previous finding that Bobcat lacks market power in the hub market.¹³

20. Accordingly, Bobcat's proposed increase in working gas capacity does not change the Commission's findings in the three previous orders authorizing the Bobcat Gas Storage Project that Bobcat will lack market power.¹⁴ Therefore, Bobcat's existing authorization to charge market based rates is reaffirmed.

21. As required by section 284.504(b) of the Commission's regulations,¹⁵ adopted by Order No. 678,¹⁶ the Commission's approval of market-based rate authority for Bobcat is subject to re-examination in the event that: (a) Bobcat adds storage capacity beyond the capacity authorized in this order; (b) an affiliate increases storage capacity; (c) an affiliate links storage facilities to Bobcat; or (d) Bobcat, or an affiliate, acquires an interest in, or is acquired by, an interstate pipeline connected to Bobcat, since these circumstances could affect its market power status. Bobcat shall notify the Commission within 10 days of acquiring knowledge of any such changes. The notification shall include a detailed

¹¹ See Market Power Study, Attachments 5 through 9.

¹² See Exhibit I, Market Power Study, filed in CP06-66-002.

¹³ See *Port Barre Investments, L.L.C.*, 116 FERC ¶ 61,052, at P 26-30 (2006).

¹⁴ See cases cited *supra* n.1.

¹⁵ 18 C.F.R. § 284.504(b) (2007).

¹⁶ *Rate Regulation of Certain Natural Gas Storage Facilities*, Order No. 678, FERC Stats. & Regs. ¶ 31,220 (2006).

description of the new facilities and their relationship to Bobcat. The Commission also reserves the right to require an updated market power analysis at anytime.¹⁷

Waivers of Filing Requirements

22. In light of its current authorization to charge market-based rates and its request to charge such rates in connection with the proposed expansion project, Bobcat requests continued Commission waiver of sections 157.6(b)(8) and 157.20(c)(3) requiring Bobcat to submit information otherwise necessary for the Commission to make an up-front determination of the rate treatment for Bobcat's storage project and updated cost data after new facilities are placed into service. Bobcat also requests that the Commission waive the filing requirements of section 157.14(a) (13), (14), (16), and (17) to submit Exhibits K (Cost of Facilities), Exhibit L (Financing), Exhibit N (Revenues, Expenses, and Income), and Exhibit O (Depreciation and Depletion), since these exhibits are for cost-based rate authority. For the same reasons, Bobcat requests waiver of the accounting and annual reporting requirements under Part 201 (accounting and reporting requirements of Uniform System of Accounts) and sections 260.1 and 260.2 (filing of annual reports in FERC Form Nos. 2 and 2-A) of the Commission's regulations. Similarly, Bobcat requests waiver of the requirement pertaining to straight fixed-variable rate design set forth in sections 284.7(e) and 284.10 also as being inapplicable to market-based rate design. Finally, Bobcat requests waiver of the filing requirement of section 157.14(a) (10) to submit total gas supply data (Exhibit H), as being inapplicable to natural gas storage services. Bobcat notes its customers will supply their own gas for storage.

23. However, with regard to continued waiver of the requirement to file an annual report (Form Nos. 2 and 2-A) contained in section 260.2 of the Commission's regulations, we make an exception concerning information necessary for the Commission's assessment of annual charges.¹⁸ Bobcat is required to file page 520 of Form No. 2-A, reporting the gas volume information, which is the basis for imposing an Annual Charge Adjustment (ACA) charge.¹⁹

¹⁷ See, e.g., *Mississippi Hub, LLC*, 118 FERC ¶ 61,099, at P 29 (2007); and *MoBay Storage Hub, Inc.*, 117 FERC ¶ 61,298, at P 34 (2006).

¹⁸ We will require Bobcat to maintain sufficient records of cost and revenue data, consistent with the Uniform System of Accounts, should the Commission require Bobcat to produce this report in the future.

¹⁹ See *Wyckoff Gas Storage Co., LLC*, 105 FERC ¶ 61,027, at P 65 (2003).

24. Since Bobcat meets the Commission's criteria for market-based rates, we grant Bobcat's request for continued waiver of the Commission's regulations to the extent initially set forth in the order in Docket No. CP06-66-000, et al.²⁰

Engineering Analysis

25. Commission staff completed an engineering analysis of Bobcat's project proposal. Based on this analysis, we conclude that the facilities are properly designed to provide an additional 31.5 Bcf of storage capacity (24 Bcf working gas and 7.5 Bcf cushion gas). Accordingly, Bobcat's certificate authority will be conditioned to provide that the maximum inventory of natural gas stored in Bobcat's facilities shall not exceed 51.9 Bcf at 14.73 psia and 60° F (39.6 Bcf of working gas). Further, we conclude that the natural gas facilities proposed by Bobcat are properly designed to withdraw up to 3 Bcf per day from storage and to inject up to 1.6 Bcf/d into storage subject to the conditions herein and in the July 20, 2006 Order.

Environment

26. On November 14, 2008, we issued a Notice of Intent to Prepare an Environmental Assessment for the Proposed Bobcat Gas Storage Project Expansion and Request for Comments on Environmental Issues (NOI). The NOI was sent to 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. Written comments were requested from the public on specific concerns about the project or issues that should be considered during the environmental review of the project. In response to the NOI, we received a total of four comment letters.

27. To satisfy the requirements of the National Environmental Policy Act, our staff prepared an environmental assessment (EA) which was placed in the public record on February 11, 2009. The EA addresses geology, soils, water resources, fisheries, wetlands, vegetation, wildlife, endangered and threatened species, land use, cultural resources, air and noise quality, reliability and safety, cumulative impacts, and alternatives. The EA also addresses all substantive issues raised in the scoping comment letters.

28. The National Oceanic and Atmospheric Administration, National Marine Fisheries Service (NMFS) commented that the project is not located in areas designated as essential fish habitat or supportive of marine fisheries. The U.S. Fish and Wildlife Service (FWS) commented that there are no federally listed threatened or endangered

²⁰ See *Port Barre Investments, L.L.C.*, 116 FERC ¶ 61,052, at P 32-34 (2006).

species located in proximity to the proposed project area. The Louisiana Department of Wildlife and Fisheries (LDWF) commented that the project area does not contain known rare, threatened, or endangered species or critical habitats, state or federal parks, wildlife refuges, scenic streams, or wildlife management areas.

29. To minimize impacts on wetlands, the FWS recommended that Bobcat utilize previously disturbed areas, low ground weight equipment, and limit wetland passes to the extent practicable. The LDWF recommended that Bobcat use horizontal directional drills (HDD) at the same locations used for the previously constructed Bobcat Gas Storage Project pipelines; locate extra workspaces for HDDs in uplands; limit the right-of-way to 75-foot-wide in wetlands, provide mitigation for impacts to wetland functions; and implement adequate erosion and sediment control measures. As described in the EA, Bobcat would comply with all FWS and LDWF recommendations by following its proposed construction methods and the best management practices outlined in its Wetland and Waterbody Construction and Mitigation Procedures (Procedures). As recommended by the LDWF, Bobcat would use HDDs and associated workspaces at the same locations used for the previously constructed Bobcat pipelines. In addition, all pipeline construction activity would be located within previously disturbed construction rights-of-way and workspaces. Impacts to wetlands at the Bobcat Gas Storage Site would be minimized to the extent practicable.

30. The Louisiana Wildlife Federation (LWF) expressed concern for aquifer impacts as a result of proposed groundwater withdrawals and brine disposal. As described in the EA, Bobcat would obtain freshwater for solution mining activities from four freshwater wells, permitted by the Louisiana Department of Natural Resources (LDNR). Bobcat's pump tests and drawdown analyses indicate that the aquifer is capable of supplying Bobcat's water needs without adversely impacting groundwater resources in the area. In addition, Bobcat instituted a long-term aquifer monitoring program and conducted a private well survey within a one-mile radius of the Bobcat Gas Storage Site to proactively mitigate potential problems and minimize impacts on other groundwater users in the area. Based on Bobcat's testing and ongoing groundwater monitoring, the EA concludes that construction and operation of the expansion would not result in adverse impacts on current yields or groundwater quality. Dewatered brine from the caverns would be injected in deep formations of Miocene sands, a LDNR-approved salt water disposal zone. Bobcat has received the required permits from the Mining Division of LDNR's Office of Conservation for Underground Injection Control Class II wells. Based on Bobcat's disposal procedures and adherence to applicable state permits, no adverse groundwater impacts are anticipated as a result of the brine disposal operation.

31. Based on the discussion in the EA, we conclude that if Bobcat's expansion project is constructed and operated in accordance with its application and supplements and Appendix B to this order, approval of this proposal would not constitute a major federal action significantly affecting the quality of the human environment.

32. 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 or operation of facilities approved by this Commission.²¹

33. At a hearing held on March 19, 2009, the Commission on its own motion, received and made a part of the record all evidence, including the application, as supplemented, and exhibits thereto, submitted in this proceeding and upon consideration of the record,

The Commission orders:

(A) Bobcat is issued a certificate of public convenience and necessity to construct and operate the proposed storage facilities as described more fully in the application and in the body of this order.

(B) The certificate authorization granted in Ordering Paragraph (A) is conditioned on Bobcat'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) Pursuant to section 157.20(b) of the Commission's regulations, Bobcat must construct the authorized expansion project facilities and make them available for service within three years from the date of this order.

(D) Authorization to charge market-based rates storage rates is approved as discussed in this order.

(E) Waiver of Commission regulations that are not applicable to storage providers with market-based rate authority is granted as discussed in this order.

(F) Pursuant to section 284.504(b) of the Commission's regulations, Bobcat must notify the Commission within ten days of acquiring knowledge of significant changes that could affect its market power. The notification shall include a detailed description of the new facilities and their relationship to Bobcat. The Commission also reserves the right to require an updated market-power analysis at any time.

²¹See, 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).

(G) Except as provided in this order, Bobcat shall comply with the engineering conditions set forth in Appendix A to the July 20, 2006 Order authorizing the Bobcat Storage Project (116 FERC ¶ 61,052).

(H) The maximum inventory of natural gas stored in Bobcat's caverns Nos. 3, 4 and 5 shall not exceed the certificated level of 31.5 Bcf at 14.73 psia and 60° F (10.5 Bcf per cavern); and, for caverns Nos. 1 and 2, the maximum inventory shall not exceed 20.4 Bcf (10.2 Bcf per cavern).

(I) Bobcat shall comply with the environmental conditions set forth in Appendix B to this order.

(J) Bobcat shall notify the Commission's environmental staff by telephone, e-mail, or facsimile of any environmental noncompliance identified by other federal, state, or local agencies on the same day that such agency notifies Bobcat. Bobcat 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 for the Bobcat Gas Storage Project

1. The maximum inventory of natural gas stored in Bobcat's Expansion Project shall not exceed the certificated levels of 10.5 Bcf at 14.73 psia and 60° F for each cavern; the maximum gas storage shut-in stabilized pressure gradient of each cavern shall not exceed 0.9 psi/ft. The minimum pressure gradient shall be limited to 0.18 psi/ft.
2. The final gas storage operating capacity of each cavern, working gas capacity, cushion gas capacity and the minimum pressure shall be determined after the facility's operating parameters are evaluated and filed with the Commission (include data and work papers to support the actual operating capacity determination).
3. Before commencing gas storage operations, Bobcat shall:
 - (a) Conduct a Mechanical Integrity Test for each cavern before initiation of each well/cavern to natural gas storage, and file the results with the Commission;
 - (b) File with the Commission copies of the latest interference tracer surveys, or other testing or analysis on each cavern to verify the lack of communication between the caverns;
 - (c) Establish and maintain a subsidence monitoring network over the proposed caverns storage area; and,
 - (d) Assemble, test and maintain an emergency shutdown system.
4. Twice annually, Bobcat shall conduct a leak detection test during storage operations to determine the integrity of each cavern, well bore, casing and wellhead, and file the results with the Commission until one year after the storage inventory volume reaches or closely approximates the full authorized capacity, unless otherwise ordered by the Commission.
5. Each cavern's well will be periodically logged to check the integrity of each casing string. Additionally, every five years Bobcat shall conduct sonar surveys of the caverns to monitor their dimensions and shape, including the cavern roof, and to estimate pillar thickness between openings throughout the storage operations, and file results with the Commission.
6. Bobcat shall conduct an annual inventory verification study on each cavern, and file results with the Commission.

7. The Bobcat Expansion Project shall be operated in such a manner as to prevent gas loss or migration.
8. Bobcat shall file with the Commission semi-annual reports (to coincide with the maximum and minimum storage pressures) containing the following information in accordance with section 157.214 (c) of the Commission's regulations (volumes shall be stated at 14.73 psia and 60 °F, and pressures shall be stated in psia):
 - (a) The daily volume of natural gas injected into and withdrawn;
 - (b) The inventory of natural gas and shut-in wellhead pressure for each cavern at the end of each reporting period;
 - (c) The maximum daily injection and withdrawal rates experienced for the storage field during the reporting period; and, the average working pressure on such maximum days taken at a central measuring point where the total volume injected or withdrawn is measured;
 - (d) The results of any tests performed to determine the actual size, configuration, or dimensions of each storage cavern;
 - (e) A discussion of current operating problems and conclusions; and
 - (f) Other data or reports which may aid the Commission in the evaluation of the storage project.
9. Bobcat shall continue to file the above semi-annual reports in accordance with section 157.214(c) of the Commission's regulations for a period of one year following the date facility operation at maximum level is initiated.

Appendix B

Environmental Conditions for the Bobcat Gas Storage Project

1. Bobcat shall follow the construction procedures and mitigation measures described in its application and supplements (including responses to staff data requests) and as identified in the EA unless modified by the order. Bobcat 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 OEP before using that modification.

2. The Director of OEP has delegated 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 the 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**, Bobcat 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. The authorized facility locations shall be as shown in the EA, as supplemented by filed alignment sheets. **As soon as they are available, and before the start of construction**, Bobcat shall file with the Secretary any revised detailed survey alignment maps/sheets at a scale not smaller than 1:6,000 with station positions for all facilities approved by the order. All requests for modifications of environmental conditions of the order or site-specific clearances must be written and must reference locations designated on these alignment maps/sheets.

5. Bobcat shall file with the Secretary detailed alignment maps/sheets and aerial photographs at a scale not smaller than 1:6,000 identifying all route realignments or facility relocations, and staging areas, pipe storage yards, new access roads, and other areas that would be used or disturbed and have not been previously identified in filings with the Secretary. Approval for each of these areas must be explicitly requested in writing. For each area, the request must include a description of the existing land use/cover type, and documentation of landowner approval, whether any cultural resources or federally listed threatened or endangered species would be affected, and whether any other environmentally sensitive areas are within or abutting the area. All areas shall be clearly identified on the maps/sheets/aerial photographs. Each area must be approved in writing by the Director of OEP before construction in or near that area.

This requirement does not apply to extra workspace allowed by the *Upland Erosion Control, Revegetation, and Maintenance Plan*, minor field realignments per landowner needs and requirements that do not affect other landowners or sensitive environmental areas such as wetlands.

Examples of alterations requiring approval include all route realignments and facility location changes resulting from:

- a. implementation of cultural resources mitigation measures;
 - b. implementation of endangered, threatened, or special concern species mitigation measures;
 - c. recommendations by state regulatory authorities; and
 - d. agreements with individual landowners that affect other landowners or could affect sensitive environmental areas.
6. **Within 60 days of the acceptance of this Certificate and before construction begins**, Bobcat shall file an initial Implementation Plan with the Secretary for review and written approval by the Director of OEP. Bobcat must file revisions to the plan as schedules change. The plan shall identify:
 - a. how Bobcat will implement the construction procedures and mitigation measures described in its application and supplements (including responses to staff data requests), identified in the EA, and required by the order;
 - b. how Bobcat will incorporate these requirements into the contract bid documents, construction contracts (especially penalty clauses and specifications), and construction drawings so that the mitigation required at each site is clear to onsite construction and inspection personnel;
 - c. the number of environmental inspectors assigned per spread, and how the company will ensure that sufficient personnel are available to implement the environmental mitigation;

- d. company personnel, including environmental inspectors and contractors, who will receive copies of the appropriate material;
 - e. the training and instructions Bobcat will give to all personnel involved with construction and restoration (initial and refresher training as the project progresses and personnel change);
 - f. the company personnel (if known) and specific portion of Bobcat's organization having responsibility for compliance;
 - g. the procedures (including use of contract penalties) Bobcat will follow if noncompliance occurs; and
 - h. for each discrete facility, a Gantt or PERT chart (or similar project scheduling diagram), and dates for:
 - (1) the completion of all required surveys and reports;
 - (2) the mitigation training of onsite personnel;
 - (3) the start of construction; and
 - (4) the start and completion of restoration.
7. Bobcat shall employ at least one environmental inspector for the project. The environmental inspector(s) shall be:
- a. responsible for monitoring and ensuring compliance with all mitigation measures required by the order and other grants, permits, Certificates, or other authorizing documents;
 - b. responsible for evaluating the construction contractor's implementation of the environmental mitigation measures required in the contract (see condition 6 above) and any other authorizing document;
 - c. empowered to order correction of acts that violate the environmental conditions of the order, and any other authorizing document;
 - d. responsible for documenting compliance with the environmental conditions of the order, as well as any environmental conditions/permit requirements imposed by other federal, state, or local agencies; and responsible for maintaining status reports.
8. Beginning with the filing of its initial Implementation Plan, Bobcat shall file updated status reports with the Secretary on a biweekly basis **until all construction and restoration activities are complete**. On request, these status reports would also be provided to other federal and state agencies with permitting responsibilities. Status reports shall include:
- a. an update on Bobcat's efforts to obtain the necessary federal authorizations;
 - b. the construction status of the project, work planned for the following reporting period, and any schedule changes for stream crossings or work in other environmentally sensitive areas;

- c. a listing of all problems encountered and each instance of noncompliance observed by the environmental inspector(s) during the reporting period (both for the conditions imposed by the Commission and any environmental conditions/permit requirements imposed by other federal, state, or local agencies);
 - d. corrective actions implemented in response to all instances of noncompliance, and their cost;
 - e. the effectiveness of all corrective actions implemented;
 - f. a description of any landowner/resident complaints which may relate to compliance with the requirements of the order, and the measures taken to satisfy their concerns; and
 - g. copies of any correspondence received by Bobcat from other federal, state or local permitting agencies concerning instances of noncompliance, and Bobcat's response.
9. Bobcat shall develop and implement an environmental complaint resolution procedure. The procedure shall provide landowners with clear and simple directions for identifying and resolving their environmental mitigation problems/concerns during construction of the project and restoration of the right-of-way. **Prior to construction**, Bobcat shall mail the complaint procedures to each landowner whose property would be crossed by the project.
- a. In its letter to affected landowners, Bobcat shall:
 - (1) provide a local contact that the landowners should call first with their concerns; the letter shall indicate how soon a landowner should expect a response;
 - (2) instruct the landowners that, if they are not satisfied with the response, they should call Bobcat's Hotline at (877) 904-6262 ; and
 - (3) instruct the landowners that, if they are still not satisfied with the response from Bobcat's Hotline, they should contact the Commission's Enforcement Hotline at (888) 889-8030.
 - b. In addition, Bobcat shall include in its bi-weekly status reports a copy of a table that contains the following information for each problem/concern:
 - (1) the date of the call;
 - (2) the identification number from the certificated alignment sheets of the affected property;
 - (3) the description of the problem/concern; and
 - (4) how it was resolved or why it has not been resolved.

10. Bobcat must receive written authorization from the Director of the OEP **before commencing service** from the project. Such authorization would only be granted following a determination that rehabilitation and restoration of the right-of-way and other areas affected by the project are proceeding satisfactorily.
11. **Within 30 days of placing the certificated facilities in service**, Bobcat shall file an affirmative statement with the Secretary, certified by a senior company official:
 - a. that the facilities have been constructed in compliance with all applicable conditions, and that continuing activities would be consistent with all applicable conditions; and
 - b. identifying which of the Certificate conditions Bobcat has complied with or would comply with. This statement shall also identify any areas affected by the project where compliance measures were not properly implemented, if not previously identified in filed status reports, and the reason for noncompliance.
12. Bobcat shall file a report with the Secretary in the event that any complaints are received concerning well yield or water quality. The report shall identify how Bobcat proposes to resolve the complaint, provide a temporary source of water supply, and replace any water supply system that it damages during construction and cannot repair to its former capacity and quality.
13. Bobcat shall make all reasonable efforts to assure noise attributable to any 24-hour HDD operations does not exceed an L_{dn} of 55 dBA at any nearby NSA. **Prior to construction** of the Bayou Courtableau HDD (MP N1.10) and the forested wetland HDD (MP N3.15 to MP N3.36), Bobcat shall file with the Secretary, for review and written approval by the Director of OEP, an acoustical analysis for any proposed 24-hour drilling that demonstrates predicted noise emissions from the HDD would not exceed 55dBA L_{dn} at the NSAs, after all reasonably feasible noise controls are employed.
14. Bobcat shall make all reasonable efforts to assure its predicted noise levels from the modified Bobcat Compressor Station are not exceeded at nearby NSAs and file noise surveys showing this with the Secretary **no later than 60 days** after placing the modified Bobcat Compressor Station in service. However, if the noise attributable to the operation of the modified Bobcat Compressor Station at full load exceeds an L_{dn} of 55 dBA at any nearby NSA, Bobcat shall file a report on what changes are needed and shall install additional noise controls to meet the level **within 1 year** of the in-service date. Bobcat shall 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.