

139 FERC ¶ 61,236
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
Cheryl A. LaFleur, and Tony T. Clark.

Columbia Gulf Transmission Company
Texas Eastern Transmission, LP

Docket Nos. CP11-13-000
CP11-103-000

ORDER GRANTING ABANDONMENT AUTHORITY

(Issued June 21, 2012)

1. On October 21, 2010, as revised on November 2, 2010, Columbia Gulf Transmission Company (Columbia Gulf) filed an application under section 7(b) of the Natural Gas Act (NGA)¹ for authority to abandon its obligation to provide transportation service using its ownership interests in certain offshore facilities. Subsequently, on February 23, 2011, Texas Eastern Transmission, LP (Texas Eastern) filed an application to abandon its obligation to provide transportation service using its ownership interests in the same facilities. The facilities are two small discrete undersea pipelines located offshore in the Gulf of Mexico. Columbia Gulf also requests abandonment of its service obligation through three active virtual pooling points associated with the facilities and certain unassociated inactive offshore meters and virtual pooling points. Texas Eastern also requests abandonment of its service obligation through four pooling points associated with the same facilities. For the reasons set forth below, the Commission grants the requested abandonment of service authorizations.

I. Background

2. Columbia Gulf,² a Delaware corporation, is a natural gas company as defined in the NGA³ and is subject to the jurisdiction of the Commission. Columbia Gulf owns and operates a natural gas transmission system extending from off Louisiana's shore through the states of Louisiana, Mississippi, and Tennessee to northeastern Kentucky.

¹ 15 U.S.C. § 717f(b) (2006).

² Columbia Gulf is a wholly-owned subsidiary of the Columbia Energy Group, which is a wholly-owned subsidiary of NiSource Inc.

³ See 15 U.S.C. § 717a(6) (2006).

3. Texas Eastern,⁴ a Delaware limited partnership, is a natural gas company as defined in the NGA and is subject to the jurisdiction of the Commission. Its transmission system extends from Texas, Louisiana, and the offshore Gulf of Mexico region, through the states of Mississippi, Arkansas, Missouri, Tennessee, Illinois, Indiana, Kentucky, Ohio, Pennsylvania, and New Jersey to its principal terminus in the metropolitan New York City area.

4. In 1977, the Commission authorized Columbia Gulf and Texas Eastern to construct Line 44, a 12-inch diameter supply lateral in the Gulf of Mexico, offshore Louisiana, extending approximately 1.5 miles from a production platform, operated by McMoRan Oil and Gas Company (McMoRan), located in West Cameron (WC) Block 593 to a subsea tie-in with Stingray Pipeline Company L.L.C. (Stingray) at WC Block 594.⁵ Texas Eastern and Columbia Gulf each owns 50 percent of Line 44 and of the two receipt and delivery points on the line. Columbia Gulf is the operator of the pipeline. McMoRan, BNP Paribas Energy Trading GP (BNP), and Southwest Energy, L.P. (Southwest) are interruptible shippers on Line 44. Historically, Columbia Gulf provided transportation service on Line 44, but has not done so since it filed its application in this proceeding in December 2010. Since that time, the three shippers on the line have received interruptible transportation service from Texas Eastern.

5. In 1981, the Commission authorized Columbia Gulf, Texas Eastern, and several other companies,⁶ to construct and operate Line 54, a 10-inch diameter supply lateral extending approximately 4.96 miles from a production platform owned and operated by the Apache Corporation in WC Block 560 to a subsea tie-in with Stingray at WC Block 537.⁷ In 1997, the Commission examined the jurisdictional status of Line 54 and found that its primary function is gathering.⁸

⁴ Texas Eastern is an indirect, wholly-owned subsidiary of Spectra Energy Transmission, LLC.

⁵ Texas Eastern and Columbia Gulf received authorization to construct and operate Line 44 in Docket Nos. CP77-12-000 and CP77-47-000, respectively. *See Texas Eastern Transmission Corp*, 57 FPC 407 (1977); *Columbia Gulf Transmission Co.*, 57 FPC 782 (1977).

⁶ The other companies are Natural Gas Pipeline Company of America (Natural), Southern Natural Gas Company (Southern), Michigan Wisconsin Pipe Line Company (now ANR Pipeline Company (ANR)), and United Gas Pipe Line Company (now Gulf South Pipeline Company, LP (Gulf South)).

⁷ *See Natural Gas Pipeline Co. of America*, 16 FERC ¶ 62,060 (1981).

⁸ *See Southern Natural Gas Co.*, 79 FERC ¶ 61,076, at 61,380 (1997).

6. Currently, the four co-owners of Line 54 have the following ownership percentages for retirement obligations: Columbia Gulf – 33 percent, Texas Eastern – 35.71 percent, Gulf South – 21.68 percent, and ANR – 9.61 percent.⁹ Gulf South discontinued its provision of service on Line 54 as of June 14, 2008, and ANR was authorized to abandon its service obligation on the line as of March 3, 2011.¹⁰ Columbia Gulf currently has responsibility for 48.03 percent of the operation and maintenance obligations on Line 54, while Texas Eastern is responsible for 51.97 percent of those obligations.¹¹ Columbia Gulf is the operator of Line 54. Apache Corporation, the only entity currently shipping gas on the pipeline, ships gas on an interruptible basis utilizing Columbia Gulf's capacity.¹² Texas Eastern has not provided transportation service for any gas on Line 54 in the past ten years.

II. Proposals

7. Columbia Gulf and Texas Eastern separately request authorization to abandon their respective obligations to provide service on both Lines 44 and 54. Neither Columbia Gulf nor Texas Eastern is requesting in these proceedings authority to abandon the facilities.

8. In its application, Columbia Gulf states that its proposed abandonment is in the public convenience or necessity because abandonment of service over the subject facilities is consistent with its objective to transition away from the offshore transportation of gas to focus exclusively on its transportation of gas on-shore. Columbia Gulf also asserts in its application that the facilities will remain in service and available to

⁹ See Columbia Gulf's October 31, 2011 Response to Data Request No. 2.

¹⁰ See Columbia Gulf's October 31, 2011 Response to Data Request No. 4; *ANR Pipeline Co.*, Letter Order Approving Abandonment of Service, Docket No. CP11-48-000 (issued Jan. 21, 2011).

¹¹ See Columbia Gulf's October 31, 2011 Response to Data Request No. 2.

¹² Apache Corporation historically has shipped gas on Columbia Gulf's capacity and only began shipping on ANR's capacity after Columbia Gulf filed its abandonment application. Subsequently, ANR was granted authority to abandon its service obligation by Director's Letter Order in January 2011. See Letter Order Approving Abandonment of Service, Docket No. CP11-48-000 (issued Jan. 21, 2011). Columbia Gulf resumed providing service to Apache Corporation in March 2011.

shippers wanting transportation service using capacity available from the other co-owners of the facilities.¹³

9. Both Columbia Gulf and Texas Eastern contend that the utilization rate of the pipelines at issue has declined to such a level that the pipelines cannot recover their costs. Texas Eastern states that its costs to operate and maintain Line 44 far exceed the revenues it earns for transporting gas. Texas Eastern emphasizes that it only began transporting gas on Line 44 in December 2010, after Columbia Gulf ceased providing interruptible service upon the filing of its abandonment application. From December 2010 through September 2011, Texas Eastern states, it transported a total of 382,634 dekatherms of natural gas on Line 44, an average of 1,255 dekatherms per day (Dth/d).¹⁴

10. Columbia Gulf asserts that it cannot recover the operating costs of Line 54 given Apache's diminishing interruptible volumes. From March 2011 through October 2011, Columbia Gulf states it transported an average of 1,918 Dth/d for Apache Corporation, while the line was designed to provide a daily capacity of 30,557 Mcf.¹⁵

11. Columbia Gulf also requests abandonment of its service obligation through three active pooling points listed in its Revised Exhibit Z-1 filed on November 2, 2010,¹⁶ and through inactive offshore points, including meters and virtual pooling points, listed in its Revised Exhibit Z-2 filed on November 2, 2010. Columbia Gulf states that these points in Exhibit Z-2 were deactivated for a number of different reasons, including the abandonment by sale to Tennessee Gas Pipeline Company of Columbia Gulf's interest in the Bluewater offshore pipeline system;¹⁷ the abandonment of service at various points on the Project Central Texas Loop system;¹⁸ and the absence of production at various points

¹³ At the time Columbia Gulf filed its application, neither ANR, with respect to Line 54, nor Texas Eastern, with respect to both laterals, had sought or received Commission authorization to abandon their service obligations on the laterals. As indicated above, in January 2011 ANR was authorized to abandon its provision of service.

¹⁴ See Texas Eastern's October 31, 2011 Response to Data Request No. 1.

¹⁵ See Columbia Gulf's October 31, 2011 Response to Data Request No. 2.

¹⁶ Columbia Gulf states that they use these pooling points as virtual meters for accounting purposes. They are not physical facilities.

¹⁷ See *Columbia Gulf Transmission Co.*, 123 FERC ¶ 61,153 (2008).

¹⁸ See Letter Order issued on August 18, 2009 in Docket No. CP09-443-000).

for an extended period of time. Columbia Gulf states that it already has removed the points designated as inactive from its Master List of Interconnects.

12. Texas Eastern also requests abandonment of its service obligation through two active points on Line 44 and two inactive points on Line 54. One point on each lateral is virtual, used for accounting purposes.

III. Procedural Matters

A. Columbia Gulf's Application

13. Notice of Columbia Gulf's application was published in the *Federal Register* on November 26, 2010 (75 Fed. Reg. 72,820).¹⁹ The Cities of Richmond and Charlottesville, Virginia (Richmond and Charlottesville), New Jersey Natural Gas Company, NJR Energy Services Company, Orange and Rockland Utilities, Inc., and Transcontinental Gas Pipe Line Company, LLC, filed timely, unopposed motions to intervene in the Columbia Gulf proceeding.²⁰ Richmond and Charlottesville also filed comments on Columbia Gulf's proposal, to which Columbia Gulf filed an answer.

14. Atmos Energy Corporation and Atmos Energy Marketing LLC (jointly referred to as Atmos) filed motions to intervene in the Columbia Gulf proceeding one day out-of-time. Apache Corporation, an interruptible shipper on Line 54, and Texas Eastern filed motions to intervene three months out-of-time. Apache Corporation also filed a protest to Columbia Gulf's proposed abandonment and Texas Eastern filed comments on the proposal.

15. Columbia Gulf filed an answer to these filings by Apache Corporation and Texas Eastern. Texas Eastern filed an answer to Columbia Gulf's answer. Subsequently, Columbia Gulf filed a supplemental answer to the protest. With respect to the late interventions, Columbia Gulf argues that Apache Corporation and Texas Eastern did not show good cause for filing their motions to intervene three months after the filing deadline.

16. The late movants are either current customers of Columbia Gulf or a co-owner of the laterals. Therefore, they have demonstrated that they have an interest in the Columbia

¹⁹ The Commission issued public notice of Columbia Gulf's application on November 17, 2010 providing for comments on the application by November 22, 2010.

²⁰ Timely, unopposed motions to intervene are granted by operation of Rule 214(c) of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214(c) (2011)).

Gulf proceeding. Moreover, granting their untimely motions for intervention at this stage of the proceeding will not delay, disrupt, or otherwise prejudice the proceeding or place an additional burden on existing parties. Thus, we will grant their untimely motions to intervene under Rule 214(d) of the Commission's Rules of Practice and Procedure.²¹

B. Texas Eastern's Application

17. Notice of Texas Eastern's application was published in the *Federal Register* on March 4, 2011 (76 Fed. Reg. 12,098). Apache Corporation and Apache Shelf, Inc. (jointly referred to as Apache unless otherwise noted),²² Atmos Energy Marketing LLC, Consolidated Edison Company of New York, National Grid Gas Delivery Companies, Orange and Rockland Utilities, Inc., Philadelphia Gas Works, Piedmont Natural Gas Company, Inc., ProLiance Energy, LLC, and PSEG Energy Resources & Trade LLC filed timely, unopposed motions to intervene in the Texas Eastern proceeding.

18. Apache also filed a protest to the application, a request for consolidation of the Texas Eastern and Columbia Gulf proceedings, and a request for settlement judge procedures. Texas Eastern filed an answer to Apache's protest and requests and Columbia Gulf filed an answer to the requests. Texas Eastern does not oppose Apache's requests for consolidation and appointment of a settlement judge; Columbia Gulf opposes them.

19. Although our rules do not permit answers to protests or answers,²³ our rules do provide that we may, for good cause, waive this provision.²⁴ We find good cause to allow Columbia Gulf's and Texas Eastern's answers in both proceedings because the filings by these co-owners of the facilities on which service is proposed to be abandoned provide information that assist us in our decision making.

C. Apache's Request for Consolidation

20. We will deny Apache's request to consolidate Columbia Gulf's and Texas Eastern's proceedings. The Commission's policy is to consolidate matters only if a trial-type evidentiary hearing is required to resolve common issues of law and fact and

²¹ *Id.* § 385.214(d).

²² Apache Shelf, Inc. is an indirect wholly-owned subsidiary of Apache Corporation.

²³ *See* 18 C.F.R. § 385.213(a)(2) (2011).

²⁴ *Id.* § 385.101(e).

consolidation will ultimately result in greater administrative efficiency.²⁵ Although there are common issues of law and fact in the two proceedings, we do not believe consolidating these proceedings would achieve greater administrative efficiency because the issues in each proceeding can be resolved and have been resolved in this order based on the written record without need for an evidentiary hearing.²⁶

D. Apache's Request for Settlement Judge Procedures

21. Apache suggests that it would be efficient to establish settlement judge procedures to allow the interested parties to attempt to work out a plan to resolve their mutual needs²⁷ and cites *Enbridge Offshore Pipelines (UTOS) LLC (Enbridge)*²⁸ as support for its suggestion. Columbia Gulf opposes Apache's motion for appointment of a settlement judge, arguing that the motion is an effort to delay the proceeding and that, in any event, the issue is not suitable for settlement.²⁹ Columbia Gulf states that its assertion is based on discussions with Apache during which it became clear that settlement is not a realistic possibility.

22. Under these circumstances, we will deny Apache's request for appointment of a settlement judge. Further, although the Commission frequently directs that a settlement judge be appointed in complex rate cases that have been set for hearing as in the *Enbridge* case cited by Apache, we rarely, if ever, have done so in a section 7(b) abandonment case, in which one of the parties is opposed to further negotiations. We see no benefit in appointing a settlement judge in this proceeding.

IV. Discussion

23. Because Columbia Gulf and Texas Eastern propose to abandon service obligations under which natural gas is transported in interstate commerce on Line 44, their proposals are subject to the jurisdiction of the Commission and the requirements of section 7(b) of the NGA.

²⁵ See *Midcontinent Express Pipeline, LLC*, 124 FERC ¶ 61,089, at P 27 (2008); *Startrans IO, L.L.C.*, 122 FERC ¶ 61,253, at P 25 (2008).

²⁶ See *El Paso Natural Gas Co.*, 136 FERC ¶ 61,180, at P 28 (2011).

²⁷ See Apache's March 7, 2011 Motion at 3.

²⁸ 133 FERC ¶ 61,106 (2010).

²⁹ See Columbia Gulf's March 11, 2011 Answer at 5-6.

A. Line 44

24. Section 7(b) provides that the abandonment of jurisdictional natural gas services may only be granted “after due hearing, and a finding by the Commission that the available supply of natural gas is depleted to the extent that the continuance of service is unwarranted, or that the present or future public convenience or necessity permit such abandonment.”³⁰

25. We examine abandonment applications on a case-by-case basis. In deciding whether a proposed abandonment is warranted, we consider all relevant factors, but the criteria vary as the circumstances of the abandonment proposal vary.³¹ While the Commission is sensitive to the economic realities faced by pipelines, there is a presumption in favor of continued certificated service.³² Thus, continuity and stability of existing service are the primary considerations in assessing the public convenience or necessity of a permanent cessation of service under section 7(b) of the NGA.³³

26. The Commission will presume no continuity of service issues are present in an abandonment proceeding if no shippers protest the proposed abandonment. Although there are no firm shippers on Line 44, three producers use interruptible capacity on the line: McMoRan, BNP, and Southwest. None of the three shippers has protested or commented on the proposed abandonments of service obligation; thus, we will presume that they will not be adversely affected by the abandonment and that there are no continuity of service issues raised by the proposal.³⁴

27. Apache, which does not ship gas on Line 44 as a customer of either Columbia Gulf or Texas Eastern, has protested the proposed abandonments, stating that it may have additional production from its platform located at WC Block 593 on Line 44 and thus may, in the future, need transportation service on the line to transport gas from its production platform to the subsea interconnections with Stingray. Apache argues that neither Columbia Gulf nor Texas Eastern has demonstrated that abandonment is

³⁰ 15 U.S.C. § 717f(b) (2006).

³¹ *Tennessee Gas Pipeline Co.*, 137 FERC ¶ 61,105, at P 20 (2011), *order on clarification*, 138 FERC ¶ 61,082 (2012), *order on reh’g*, 138 FERC ¶ 61,179 (2012).

³² *See Transcontinental Gas Pipe Line Corp. v. FPC*, 488 F.2d 1325, 1330 (D.C. Cir. 1973).

³³ *See Southern Natural Gas Co.*, 126 FERC ¶ 61,246, at P 27 (2009).

³⁴ *See Southern Star Central Gas Pipeline, Inc.*, 115 FERC ¶ 61,057, at P 34, *reh’g denied*, 116 FERC ¶ 61,288 (2006).

necessary or that there are available transportation alternatives. Apache additionally argues that the courts and the Commission have found a presumption in favor of continued service.³⁵ Apache maintains that the public interest is served if transportation service is continued. Therefore, Apache requests that the Commission deny the requested abandonments.

28. In its answer, Columbia Gulf responds that Apache does not hold and has not expressed any interest in holding any firm or interruptible capacity on Line 44. Columbia Gulf argues that the Commission should follow the precedent in *ANR Pipeline Company*,³⁶ which was issued pursuant to delegated authority, and grant abandonment.

29. The Commission does not generally take into account protests to proposed abandonments of services or facilities by parties that are not affected customers of the pipeline requesting the abandonment.³⁷ Apache cites various Commission and court precedent concerning a presumption in favor of continued service in abandonment of service cases. However, in each of the cited cases, the proposed abandonment was protested by an existing shipper. There was no suggestion in any of those cases that concerns regarding continued service would warrant requiring a pipeline to retain an obligation to provide a service for which it has no current shippers for the benefit of someone who might decide to become a shipper at some indeterminable time in the future. While Apache states that it is evaluating whether additional reserves are available for production from WC Block 593 that would need to be transported on Line 44,³⁸ it has provided no further information regarding such reserves nor, more importantly, has it sought to enter into a transportation agreement with either Columbia Gulf or Texas

³⁵ Apache's Motion for Leave to Intervene, Request for Consolidation, Settlement Judge Procedures, and Protest (filed on March 7, 2011), at 7 (citing *Michigan Consolidated Gas Co. v. FPC*, 283 F.2d 204, 214 (D.C. Cir. 1960); *Southern Natural Gas Co.*, 126 FERC ¶ 61,246 (2009); *Northern Natural Gas Co.*, 117 FERC ¶ 61,117 (2006); *Transcontinental Gas Pipe Line Corp.*, 110 FERC ¶ 61,337 (2005)).

³⁶ *ANR Pipeline Co.*, Letter Order Approving Abandonment of Service, Docket No. CP11-48-000 (issued Jan. 21, 2011).

³⁷ See *Florida Gas Transmission Company, LLC*, 129 FERC ¶ 61,135, at P 15 (2009), *reh'g denied*, 131 FERC ¶ 61,119 (2010) (authorizing a proposed abandonment of service over the continuity of service objections of a party that was not a shipper using the service to be abandoned).

³⁸ See Apache's Motion for Leave to Intervene, Request for Consolidation, Settlement Judge Procedures, and Protest (filed on March 7, 2011), at 4.

Eastern to ship natural gas on Line 44. Therefore, we will deny Apache's protest to the abandonment of service obligations on Line 44.

30. For the reasons discussed above, we will grant Columbia Gulf's and Texas Eastern's requests for abandonment of their respective service obligations on Line 44 and their associated active virtual pooling points.

B. Line 54

31. Under section 1(b) of the NGA, the Commission's jurisdiction does not extend to facilities used "for the production or gathering of natural gas."³⁹ As stated earlier, the Commission found in *Southern Natural Gas Co.* that the primary function of Line 54 is gathering.⁴⁰ No party suggests that there has been any change to the circumstances underlying that finding, other than, perhaps, declining throughput. Therefore, we see no reason to revisit that finding.⁴¹ Because Line 54 performs a gathering function, the Commission does not have the authority to deny Columbia Gulf's request to abandon its service obligation on the nonjurisdictional facility.⁴² Therefore, we grant Columbia Gulf's request for abandonment of its service obligation on Line 54 and its associated active virtual pooling point.

32. The same justification holds equally true for Texas Eastern. Moreover, unlike Columbia Gulf, Texas Eastern currently has no shippers on the facilities and has not transported gas on Line 54 in approximately ten years. Thus, even under a public convenience or necessity review, Texas Eastern's abandonment request would be permitted because, among other reasons, there is no continuity of service issue. Therefore, we grant Texas Eastern's request for abandonment of its service obligation on Line 54 and its active virtual pooling point.

33. Apache filed a protest to Columbia's abandonment of service application for Line 54, arguing that it is producing approximately 2,000 Mcf per day through its production

³⁹ 15 U.S.C. § 717(b) (2006).

⁴⁰ *See Southern*, 79 FERC at 61,380.

⁴¹ While Columbia Gulf and Texas Eastern continued to offer transmission service on Line 54, the order in *Southern Natural* required all co-owners to refunctionalize their interests in the facilities as gathering for rate and accounting purposes in their next section 4 general rate proceedings. *See id.*

⁴² *See, e.g., See Williams Gas Processing – Gulf Coast Co. v. FERC*, 331 F.3d 1011, 1022 (D.C. Cir. 2003); *Tennessee Gas*, 137 FERC ¶ 61,105, at P 24; *Southern Natural Gas Co.*, 126 FERC ¶ 61,246, at P 38 (2009).

platform that is directly connected to Line 54 and that Columbia Gulf has an obligation to continue transporting that gas. Apache requests that the Commission deny the application or, in the alternative, delay its approval of the application for at least eight months to provide Apache with additional time to determine its options to make alternative arrangements for its production in the West Cameron Block 560 area. As indicated above, having found Line 54 functions primarily as a gathering facility, we cannot deny Columbia Gulf's abandonment proposal. However, we note that since Apache filed its protest on February 23, 2011, it has had more than fourteen months to make alternative arrangements for transporting its production. For these reasons, Apache's protest is denied and its alternative request is dismissed as moot.

C. Inactive Offshore Points

34. Columbia Gulf requests abandonment of its service obligation through its 159 meters and 290 virtual pooling points which it lists in Revised Exhibit Z-2 in its supplement to its application, which Columbia Gulf states are inactive.⁴³ We note, however, that the Commission already has approved abandonment of twenty-four of the meters⁴⁴ and approved abandonment of Columbia Gulf's service obligation through an additional forty-six of the meters.⁴⁵

35. We find that it is in the public convenience or necessity to grant Columbia Gulf's request to abandon its service obligation through the remaining meters and pooling points which have been inactive for an extended period of time. Columbia Gulf states that it has removed all of the points listed in Revised Exhibit Z-2 from its Master List of Interconnects. Columbia Gulf shall remove from its electronic bulletin board any of the Exhibit Z-2 meters and pooling points still listed as available.

D. Richmond and Charlottesville's Comments

36. Richmond and Charlottesville, firm transportation customers of Columbia Gulf on its onshore mainline system, seek clarification as to when Columbia Gulf intends to abandon Lines 44 and 54. They also state their concern about the rate implications of the proposed service abandonments and maintain that Columbia Gulf should not recover

⁴³ These offshore points are not associated with service on Lines 44 and 45.

⁴⁴ See *Columbia Gulf*, 123 FERC ¶ 61,153 and Columbia Gulf's application in Docket No. CP08-54-000, Exhibit Z-1, listing the meters.

⁴⁵ See Letter Order issued on August 18, 2009 approving the abandonment and Columbia Gulf's application in Docket No. CP09-443-000, Exhibit Z-2, listing the meters.

costs of operating facilities that are no longer providing service to jurisdictional customers.

37. In response, Columbia Gulf clarifies that it is not currently seeking to physically abandon the facilities at this time and that it cannot speculate as to when it will seek to abandon them because there are other owners on the laterals that would continue to provide service. Columbia Gulf also states that the appropriate venue to raise rate base and cost of service matters is a section 4 rate proceeding.

38. While it was true at the time Columbia Gulf filed its answer that other co-owners were continuing to provide service on the facilities, that is no longer the case.⁴⁶ After our approval of Columbia Gulf's and Texas Eastern's requests here to abandon their service obligations on both lines, there will be no remaining co-owners on either line with an obligation to provide service. Therefore, we will direct Columbia Gulf and Texas Eastern to inform the Commission of their plans with regard to the facilities upon the cessation of service.

39. We agree that the appropriate venue to address the potential rate effects of these abandonment authorizations is in the pipelines' next general section 4 rate cases. We note that in the *Southern* order finding that Line 54 performed a gathering function, the Commission required the co-owners that functionalized their interests in the facilities as transmission to refunctionalize those interests as gathering for rate and accounting purposes in their next section 4 general rate proceeding.⁴⁷ Because Columbia Gulf and Texas Eastern are now abandoning their service obligations over these pipelines, we direct them to refunctionalize their interests in the facilities from transmission to gathering on their books, effective on the date of this order.⁴⁸

40. Columbia Gulf and Texas Eastern's abandonment of service qualifies as a categorical exclusion from the need for environmental review under section 380.4(a)(29) of the Commission's regulations.⁴⁹

⁴⁶ See Columbia Gulf's October 31, 2011 Response to Data Request Nos. 2 and 4.

⁴⁷ See *Southern*, 79 FERC at 61,380.

⁴⁸ See *Tennessee Gas*, 137 FERC ¶ 61,105 at P 107.

⁴⁹ See 18 C.F.R. § 380.4(a)(29) (2011).

41. At a hearing held on June 20, 2012, the Commission on its own motion, received and made a part of the record all evidence, including the application(s), as supplemented, and exhibits thereto, submitted in this proceeding and upon consideration of the record,

The Commission orders:

(A) The requests by Columbia Gulf and Texas Eastern to abandon their respective service obligations on Lines 44 and 54 are granted. Columbia Gulf's request to abandon its obligation to provide service through certain offshore meters and virtual pooling points, as described above and in its application, is granted.

(B) Columbia Gulf and Texas Eastern shall notify the Commission within ten days of the date the service abandonment is effective.

(C) In Docket No. CP11-13-000, the motions to intervene out-of-time filed by Atmos, Apache, and Texas Eastern are granted.

(D) The answers to protests and answers are accepted.

(E) Apache's protest, request for consolidation, and request for settlement judge procedures are denied.

By the Commission. Commissioner Clark voting present.

(S E A L)

Kimberly D. Bose,
Secretary.