

143 FERC ¶ 61,128  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

Tennessee Gas Pipeline Company, L.L.C.

Docket No. RP13-464-000

ORDER ACCEPTING TARIFF LANGUAGE SUBJECT TO CONDITIONS

(Issued May 16, 2013)

1. On January 18, 2013, Tennessee Gas Pipeline Company, L.L.C., (Tennessee) filed *pro forma* tariff records<sup>1</sup> reflecting a new service to provide rich gas transportation on a limited portion of its existing system. Tennessee proposes to revise certain provisions of Rate Schedules FT-A and IT and the General Terms and Conditions (GT&C) of its tariff to enable Tennessee to provide this new service. We accept the language in Tennessee's *pro forma* tariff records, subject to certain conditions discussed below, and direct Tennessee to file actual tariff records reflecting such language 60 days prior to the in-service date of its rich gas transportation service.

**I. Background**

2. Tennessee states that its pipeline system reaches from the Gulf of Mexico to the northeastern United States. Tennessee states that the middle portion of its system is situated near the Utica Shale production area, in eastern Ohio, western Pennsylvania, and northern West Virginia. Tennessee states that while the Utica Shale production area represents an emerging supply market, the rich gas coming from the Utica Shale cannot be transported on its current system because the rich gas does not comply with the gas quality specifications set forth in its GT&C. Consequently, Tennessee proposes a new rich gas transportation service on a limited portion of its existing<sup>2</sup> system so that shippers can move the rich Utica Shale supplies to downstream markets.

---

<sup>1</sup> See Appendix.

<sup>2</sup> Currently, natural gas on the Tennessee system must have a total heating value of 967-1110 British Thermal Units (BTU) per cubic foot (ft<sup>3</sup>), and may not contain more

(continued...)

3. Tennessee states that it has four parallel mainline pipes within the Utica Shale production area. Tennessee proposes to dedicate one of these lines to transporting the rich gas from the Utica Shale (herein called the Rich Gas Line). Tennessee asserts that the capacity on this portion of its system is underutilized due to supply shifts. Tennessee asserts that its proposed rich gas transportation service will not adversely affect existing firm shippers because it has unsubscribed capacity and that it will only use such unsubscribed capacity for the proposed service.<sup>3</sup> Tennessee also states that it will relocate any existing receipt and delivery meters on the Rich Gas Line to one of the three remaining parallel lean gas mainlines so as not to disrupt service. It adds that this relocation of meters will not affect the use of the associated receipt and delivery points for scheduling service or allocating volumes.

4. Tennessee concludes that, with minimal modifications to its system and no incremental costs to existing shippers, its proposed rich gas transportation service will increase service flexibility and supply diversity on its system to the benefit of shippers. In addition, it asserts that the proposed service will not change the rights of shippers using Tennessee's existing services, because such shippers will still have access to their existing receipt and delivery points. Accordingly, Tennessee contends that the Commission should approve the proposed rich gas transportation service.

## **II. Notice**

5. Public notice of Tennessee's filing was issued on January 22, 2013. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.<sup>4</sup> Pursuant to Rule 214,<sup>5</sup> all timely filed motions to intervene and any unopposed motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. Protests were filed by EQT Energy, L.L.C.,

---

than 12 percent non-methane hydrocarbons. *See* GT&C §II.5. Under its current proposal, "rich" gas must have a total heating value in excess of 1150 BTU/ft<sup>3</sup>, and may contain up to 20 percent non-methane hydrocarbons.

<sup>3</sup> Tennessee includes with its transmittal three charts. Appendix B depicts the maximum capacities, primary firm contractual quantities, and the impact that the Rich Gas Line would have on each type of transportation for forward haul; Appendix C depicts the same for backhaul. Appendix D depicts historical flows.

<sup>4</sup> 18 C.F.R. § 154.210 (2012).

<sup>5</sup> 18 C.F.R. § 385.214 (2012).

(EQT), Tennessee Customer Group (TCG), Chesapeake Energy Marketing, Inc. (Chesapeake Energy Marketing), Northeast Customer Group, New England Local Distribution Companies (New England LDCs), and Rockies Express Pipeline LLC (Rockies Express). Adverse comments were filed by NiSource Distribution Companies (NiSource), Atmos Energy Corporation (Atmos), and Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc. (Con Edison and O&R). Tennessee Valley Authority filed comments in support of the proposal. Protests and comments are discussed below.

6. On February 11, 2013, Tennessee filed an answer to protests and comments. On February 14, 2012, TCG filed an answer to Tennessee's answer. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure<sup>6</sup> prohibits an answer to a protest or to an answer unless otherwise ordered by the decisional authority. The Commission accepts the answers filed by Tennessee and TCG because they have provided information that assisted our decision-making process.

### **III. Discussion**

7. We accept Tennessee's proposal to implement a new rich gas transportation service on a limited portion of its existing system. Such a service will increase shipper flexibility and provide increased access to Utica Shale gas supplies without unduly affecting existing firm shippers. This acceptance, however, is subject to certain conditions as set forth below. The Commission directs Tennessee to file actual tariff records, between 30 and 60 days prior to the in-service date of its rich gas transportation service, incorporating the tariff changes discussed in the body of this order.

#### **A. Functionalization of Rich Gas Line**

8. Tennessee defines its future Rich Gas Line as the existing "portion of Transporter's system consisting of: (i) the 26-inch Line 200-3 extending from Main Line Valve 207-3, located in Morgan County, Ohio to Main Line Valve 217-3, located in Lawrence County, Pennsylvania; (ii) the 24-inch Line 217A-200; and (iii) all points of receipt physically connected to the line as well as the Rich Gas Line Plant Delivery Point(s)."<sup>7</sup> It adds that the Rich Gas Line delivery points are limited to the point(s) of physical connection between the Rich Gas Line and the inlet of any gas processing plants located on the Rich Gas Line.

---

<sup>6</sup> 18 C.F.R. § 385.213(a)(2) (2012).

<sup>7</sup> Transmittal at n.2.

9. Con Edison and O&R assert that it appears the line's singular function is to supply gas that is not of pipeline quality to the processing plant. They contend that the Commission has "generally found facilities located upstream of processing plants to be gathering."<sup>8</sup> They add that in *Dominion*,<sup>9</sup> the Commission approved the re-functionalization of a 26-mile, 24- and 30-inch pipeline from transmission to gathering largely because the purpose of the line was being changed from the transportation of dry gas to the transportation of wet gas for processing. Con Edison and O&R request that the Commission convene a technical conference so the function and classification of the line on which Tennessee proposes to provide the new service may be discussed.

10. In its answer, Tennessee asserts that the Commission considers more than the location of processing facilities when determining a line's function. Tennessee contends that an examination of the characteristics of the proposed Rich Gas Line under the Commission's primary function test demonstrates that it is properly functionalized as transmission. Tennessee notes that the Commission considers non-physical criteria, such as the purpose, location, and operation of the facility, the general business activities of the owner of the facility, and argues that all these criteria suggest that the Rich Gas Line is transmission.<sup>10</sup> Moreover, Tennessee states that the *Dominion* proceeding does not serve to possibly re-functionalize its Rich Gas Line as gathering. Tennessee points out that in that proceeding, the pipeline was engaged in the gathering business, and had explicitly proposed to re-functionalize the line in question as gathering and operate it together with other gathering lines. Tennessee asserts that is not the case in the instant proposal.

11. As Con Edison and O&R note, the Commission uses the "primary function test" to determine which facilities are non-jurisdictional gathering facilities and which facilities are jurisdictional transmission facilities.<sup>11</sup> The Commission generally has found that gathering is the primary function of facilities located upstream of processing plants needed to bring the gas stream to pipeline quality.<sup>12</sup> However, as Tennessee emphasizes,

---

<sup>8</sup> Citing *Exco Resources, Inc.*, 119 FERC ¶ 61,121, at P 16 (2007).

<sup>9</sup> Citing *Dominion Transmission, Inc.*, 134 FERC ¶ 62,277 (2011) (*Dominion*).

<sup>10</sup> Tennessee February 11 Answer at 15-17 (citations omitted).

<sup>11</sup> See *Amerada Hess Corp.*, 52 FERC ¶ 61,268 (1990); *Farmland Industries, Inc.*, 23 FERC ¶ 61,063 (1983).

<sup>12</sup> The "primary function test" considers, as applicable, several physical and geographic factors, including: (1) the lengths and diameters of the pipelines at issue; (2) the extension of the subject facilities beyond the central point in the field; (3) the

the Commission does not consider any one factor to be determinative and recognizes that all factors do not necessarily apply or have the same weight in all situations.

12. While the line that Tennessee intends to convert to serve as the Rich Gas Line will begin receiving gas needing to be processed before it is introduced into Tennessee's downstream system, we find that other considerations outweigh the location of any plants that may be constructed to process gas transported by this line. The line is one of four parallel looped segments of pipe. These looped pipeline segments happen to constitute the portion of Tennessee's mainline system that passes through the Utica Shale production area. The fact the line at issue will no longer receive gas from Tennessee's upstream system while it is being used to transport rich gas does not change the fact that it is one of four parallel loops constituting Tennessee's mainline system in this area. Facilities of this length, diameter, and location are characteristic of a typical transmission facility.

13. The line at issue here is not comparable to the 26-mile long line that was addressed in the *Dominion* proceeding cited by Con Ed and O&R. Dominion's line historically had received pipeline quality gas from the Hastings processing plant and transported the gas to the line's terminus at an interconnection with a local distribution company's system. Thus, the line at issue in Dominion's proceeding had not historically served as a link in Dominion's mainline system. Further, Dominion's conversion of the line reversed the flow of gas on the line so that local production could be attached and transported to the Hastings plant for processing.

14. In view of the above considerations, we find that the Rich Gas Line will continue to be a jurisdictional transmission line. Accordingly, the Commission finds that it does not need to convene a technical conference to further discuss the matter.

#### **B. Impact on Existing Service**

15. In its transmittal, Tennessee asserts that its proposal will optimize the use of its pipeline infrastructure by making use of available capacity that is not otherwise needed to support any firm transportation contract obligations.<sup>13</sup> Tennessee provides Appendices to

---

facilities' geographic configuration; (4) the location of compressors and processing plants; (5) the location of wells along all or part of the facilities; and (6) the operating pressures of the lines. In addition, the Commission considers the purpose, location, and operation of the facilities, the general business activity of the owner of the facilities, and whether the jurisdictional determination is consistent with the NGA and the Natural Gas Policy Act of 1978.

<sup>13</sup> Transmittal at 2-6.

illustrate that it has capacity available to offer the rich gas transportation service. Specifically, Appendices B and C to Tennessee's filing depict the maximum forward haul and backhaul capacities, primary firm contractual forward haul and backhaul quantities, and the impact that the Rich Gas Line would have on each type of transportation, using compressor Station 214 as a representative point on the proposed Rich Gas Line.

16. Atmos and the Northeast Customer Group express concerns regarding the possible effect of Tennessee's proposal on existing pipeline services. In particular, they question the impact the proposal would have: (1) on the daily and hourly service flexibility presently afforded to shippers both upstream and downstream of the proposed Rich Gas Line; (2) on the ability of current shippers to access all receipt and delivery points in the rate zones for which the shipper pays;<sup>14</sup> (3) on a shipper's ability to segment capacity; and, (4) on Tennessee's ability to perform routine maintenance without interrupting service to existing firm shippers or in other circumstances, if any, in which capacity in Zone 4 may be constrained.

17. Rockies Express also expresses concerns regarding how the proposed rich gas transportation service would affect the deliverability of gas between Rockies Express and Tennessee's system.

18. Additionally, the Northeast Customer Group argues the information provided on Tennessee's Appendices does not adequately show that Tennessee has the capacity available to provide the proposed service. It questions how the capacity estimates in the Appendices are derived, and why the backhaul and forward haul capacity estimates differ. It also questions the reasoning behind the choice of Station 214 as the only location offered for determining the impact of the proposal on existing services. The Northeast Customer Group asserts that Tennessee indicates that current firm contractual obligations through Station 214 total 1,478 Mdth per day and constitute 87.2 percent of the total maximum forward haul capacity from all four existing pipelines in Zone 4. It states that it is not clear how Tennessee, by retaining only one 36-inch line and two 26-inch lines, would maintain sufficient capacity in Zone 4 to meet these obligations. It asserts that Tennessee should be required to demonstrate that the capacity it proposes to retain for its lean gas system is sufficient to meet all its contractual obligations.

19. Tennessee addresses each of these concerns in its answer. It states that it does not expect any negative impacts on hourly and daily flexibility from its proposal because its

---

<sup>14</sup> *Regulation of Short-Term Natural Gas Transportation Services, and Regulations of Interstate Natural Gas Transportation Services*, Order No. 637-A, FERC Stats. & Regs. ¶ 31,099, at 31,592 (2000); *Texas Gas Transmission Corp.*, 105 FERC ¶ 61,042, at 61,274 (2003); *AES Ocean Express*, 111 FERC ¶ 61,291, at 62,256 (2005).

proposal should not have any greater effect on hourly services than the type of abandonment by sale that the Commission has approved for other pipelines.<sup>15</sup> Tennessee states that it has always provided hourly and daily flexibility in service to the extent permitted by its operations, but does not reserve capacity to provide this flexibility, which is not firm and varies day-to-day. It contends that hourly and daily flexibility will continue to be accommodated as it has in the past.

20. Tennessee also asserts that its proposal will not affect receipt and delivery point flexibility. Tennessee states that because it will continue to have multiple lean gas lines running parallel to the proposed Rich Gas Line, all existing receipt and delivery points located on the proposed Rich Gas Line can be relocated to the remaining three parallel lean pipelines. It further points out that there is no Commission policy that requires Tennessee to provide receipt and delivery points on a particular parallel line within a rate zone.

21. Tennessee claims that its proposal will not affect Rockies Express's ability to deliver gas on Tennessee's system. It notes that its interconnection with Rockies Express is upstream of Station 209 on Tennessee's Line 200-4, and asserts that it is not affected by its proposed rich gas transportation service.

22. Tennessee contends that shippers will have the same rights to segment their entire contract path, after implementation of its proposal with the exception of the proposed Rich Gas Line. It asserts that existing rights to segment are unaffected on each of the parallel lean gas lines. Tennessee argues that the benefit of its proposal is that it will provide an opportunity to subscribe available capacity without diminishing the rights of, or adversely affecting, other shippers.

23. With regard to the system maintenance concern, Tennessee explains that it currently accepts rich gas on its system if it is able to blend that gas with other supplies to meet system deliverability standards. If it cannot blend the gas to acceptable standards, it will not accept that gas onto its system. Tennessee asserts that the same policy will apply to receipts from the proposed Rich Gas Line, including those circumstances when the processing plant is not in operation.

24. In its answer, Tennessee also explains the nature of the capacity it has available to implement its rich gas transportation service. Tennessee states that it chose Line 200-3 for its Rich Gas Line because that line would require the least amount of ground disturbance, construction, and disruption to shippers during the isolation process to establish the Rich Gas Line. Tennessee also explains that it derived the maximum

---

<sup>15</sup> *Citing Trunkline Gas Co.*, 135 FERC ¶ 61,019 (2011).

forward haul and backhaul capacities set forth in Appendices B and C by using the same process that it uses to determine pipeline capacity for all firm services it offers.

Tennessee asserts that this process uses a hydraulic model to determine the forward haul and backhaul capacity impacts on the proposed rich gas transportation service.

25. Tennessee states that for the forward haul capacity impact, Tennessee modeled firm forward haul contractual receipts and deliveries from Station 200 through Station 219 and then added incremental deliveries at the end of the segment to determine the maximum theoretical segment forward haul capacity. For the backhaul capacity, Tennessee modeled the firm backhauls from Station 219 to Station 200 and included new receipts (that is, Utica and Marcellus gas supplies) to determine the maximum theoretical segment backhaul capacity. Tennessee notes that the available capacity is the difference between the contractual and theoretical maximum segment capacities in both the forward haul and backhaul scenarios. Forward haul and backhaul have different capacities, however, because they have different hydraulic impacts on the receipt and delivery points.

26. Tennessee also explains that it used Station 214 as a representative point in the pipeline segment comprising the Rich Gas Line because that station will be one of two compressor stations on the Rich Gas Line, and Station 214 is more representative of any capacity impact concerns of the northern shippers because it is the northernmost compressor station. Tennessee also asserts that the data for Station 209 yields similar results to the data for Station 214.

27. Tennessee explains that its Appendices demonstrate that it has sufficient remaining capacity on its three remaining lean gas lines to meet its firm contractual obligations. Specifically, it shows that the maximum available forward haul capacity of 1,695 Mdth per day on the three remaining lean gas lines exceeds the 1,666 Mdth per day, sum of existing forward haul contractual quantities. It adds that, similarly, the maximum backhaul capacity is significantly greater in the three lean lines than the current backhaul contractual obligations.

28. The Commission finds that Tennessee has adequately explained how its proposal would not unduly affect service to existing firm shippers. Under Tennessee's proposal firm shippers will still have access to the same secondary receipt and delivery points as they now do, and will have the same hourly and daily flexibility provided by Tennessee. The Commission also finds that Tennessee's proposal does not contravene Commission policy regarding point rights because it appears that under the proposal existing shippers will still have the same point flexibility and segmentation rights on the remaining three lean gas lines.

### C. Accounting and Request for Waiver

29. Tennessee proposes to charge generally applicable rates for generally available capacity. As such, Tennessee proposes to apply the existing Rate Schedule FT-A and IT rates (Zone 4-4) for the new rich gas service, including the applicable fuel (including electric power) charges as well as surcharges. In addition, Tennessee states that its agreement with El Paso Midstream Group, Inc. (Midstream) provides that Midstream will pay all costs for Tennessee's facility modifications to accommodate the Rich Gas Line.<sup>16</sup>

30. Tennessee states that, under its recent rate settlement,<sup>17</sup> it must share revenues above agreed-upon thresholds with existing shippers. Tennessee notes that, because it proposes to offer its rich gas transportation service under Rate Schedules FT-A and IT, revenues from the proposed rich gas transportation service will be included in the revenue-sharing calculation.

31. Tennessee states that it does not have cost or revenue experience related to this new service and does not plan to allocate costs to this service for purposes of rate design independent of Tennessee's existing Rate Schedules FT-A and IT, of which this service is a part. Accordingly, as part of its proposal, Tennessee requests waiver of the rate design, cost allocation, and projected 12-month revenue requirements of the Commission's regulations.<sup>18</sup>

32. Several parties assert that lean gas shippers may be required to subsidize Rich Gas Line service through increased operation and maintenance (O&M) costs, such as pigging. They assert that when the processing plant on the Rich Gas Line is not operating, the rich gas will enter the lean gas line, increasing costs for Tennessee's lean gas shippers. TCG also offers that the line may be subject to increased corrosion, or require more compression.

33. The Northeast Customer Group argues that when new services require the construction of substantial new facilities, the pipeline must ensure that existing customers

---

<sup>16</sup> Tennessee states that it considered providing the proposed rich gas transportation service under separate firm and interruptible rate schedules, but concluded that it was administratively more efficient to provide the new service under its currently effective Rate Schedules FT-A and IT. Tennessee notes that only minor facility modifications would be necessary to accommodate the rich gas transportation service.

<sup>17</sup> *Tennessee Gas Pipeline Co.*, 137 FERC ¶ 61,182 (2011).

<sup>18</sup> 18 C.F.R. § 154.202(a)(1)(vi)-(viii) (2012).

not be required to subsidize such services.<sup>19</sup> It adds that, prior to adopting the *Certificate Policy Statement*, the Commission frequently placed at-risk conditions on pipelines wishing to proceed with construction of facilities where, as here, such construction was not supported by sufficient contractual commitments from customers.

34. The Northeast Customer Group asserts that the Commission should reject Tennessee's proposal to operate its rich gas transportation service under its existing rate schedules, and instead require Tennessee to provide the service under new and separate rate schedules. It urges the Commission to require Tennessee to charge its existing FT-A and IT (Zone 4 to 4) rates until Tennessee's next general section 4 rate case.<sup>20</sup> Several parties also assert that Tennessee should be required to separately account for the costs and revenues associated with the service so that the fully allocated costs of providing the service can be properly assigned in Tennessee's next section 4 rate case. The Northeast Customer Group provides several cases where the Commission required a pipeline to separately account for the costs and revenues of new services.<sup>21</sup>

35. TCG claims that, while Tennessee asserts all capital costs associated with the proposed service will be borne by Midstream, there are compressor upgrades that Tennessee plans to undertake whose costs would be the responsibility of system shippers. TCG also questions the costs of moving receipt and delivery points to accommodate the proposed service. TCG asks that the Commission find that: (1) Tennessee will have the burden of proof in its next general section 4 rate case with respect to the allocation of costs associated with its rich gas transportation service; and, (2) the Commission's approval of this service will not be a basis to presume the appropriateness of any allocation, including the roll-in of the costs associated with the proposal with system-wide rates.

36. In its Answer, Tennessee asserts that the rich gas will not reach the lean gas system, and therefore concerns that its proposal might increase costs to lean gas shippers are misplaced. Tennessee states that it currently accepts gas on its system that does not

---

<sup>19</sup> *Certification of New Interstate Gas Pipeline Facilities*, 88 FERC ¶ 61,227, at 61,745-47 (1999), *clarified*, 90 FERC ¶ 61,128, at 61,391-94, *further clarified*, 92 FERC ¶ 61,094 (2000) (*Certificate Policy Statement*).

<sup>20</sup> Under section XVI.E of its settlement, Tennessee is required to file a new section 4 rate case to be effective no later than November 1, 2015. *See Stipulation and Agreement*, Docket No. RP11-1566-006 (September 30, 2011).

<sup>21</sup> *Citing Koch Gateway Pipeline Co.*, 92 FERC ¶ 61,164, at 61,556 (2006); *Steuben Gas Storage Co.*, 72 FERC ¶ 61,102, at 61,542 (1995); and *Algonquin Gas Transmission Co.*, 92 FERC ¶ 61,071, at 61,280 (2000).

comply with its gas quality specifications as long as that gas can be acceptably blended with other supplies on its system. Tennessee states that if the rich gas cannot be blended, it will not accept the gas. Tennessee contends that because the same policy will apply to its Rich Gas Line, no additional costs will be borne by lean gas shippers. Tennessee asserts that the only increase in O&M costs associated with the proposed rich gas transportation service would be additional pigging of the Rich Gas Line, and those costs will be borne by Midstream.

37. Tennessee also argues that the at-risk condition is only implemented “to ensure that the cost of the proposed facilities will not be shifted to the existing customers.”<sup>22</sup> Tennessee asserts that no such subsidization would occur under its proposal. Tennessee reiterates that Midstream will reimburse Tennessee for the capital costs of all facility modifications needed to accommodate the Rich Gas Line, including the relocation of any existing receipt and delivery point meters. Midstream will also pay for all pigging costs on the Rich Gas Line, which are the only additional operating costs that Tennessee anticipates will occur as a result of providing the rich gas transportation service.

38. Tennessee asserts that the Commission has recognized that where concerns regarding potential subsidization are unfounded or based on speculation, no at-risk condition is necessary.<sup>23</sup> Tennessee states that since it has dispelled such speculation, and demonstrated that there is no risk that the costs of the proposed facilities will be shifted to its existing customers, there is no need for Tennessee to be placed at-risk in future rate cases.

39. In regard to its choice to provide this service under existing rate schedules, Tennessee contends that its proposal is appropriate because there is a nexus between the costs and facilities underlying the new service and the existing FT-A and IT transportation services. It claims that the rich gas transportation service will be provided on a portion of the facilities currently used for existing Rate Schedule FT-A and IT services, at no additional cost to Tennessee or its shippers. Tennessee also reasons that the rich gas transportation service will be identical to the FT-A and IT transportation services with the exception of the gas quality specifications.

40. Tennessee also addresses the three cases presented by the Northeast Customer Group where the Commission required a pipeline to separately account for the costs and

---

<sup>22</sup> *ANR Pipeline Co.*, 83 FERC ¶ 61,148 (1998).

<sup>23</sup> Tennessee Answer at 29 (citing *Northern Natural Gas Co.*, 94 FERC ¶ 61,067, at 61,288 (2001) and *Tennessee Gas Pipeline Co.*, 92 FERC ¶ 61,009, at 61,019 (2000)).

revenues of a new service. In *Koch Gateway Pipeline Co.*,<sup>24</sup> Tennessee states that the separate accounting required for the pipeline was because the Commission thought that the pipeline may over-recover its cost of service. Tennessee notes that this is not the case in the instant proceeding since the revenue sharing mechanism will prevent Tennessee from over-recovering its cost of service. Secondly, in *Steuben Gas Storage Co.*, Steuben proposed to separately operate its existing storage field, with cost-based rates, and its proposed new storage field, which had market-based rates. According to Tennessee, the Commission required Steuben to maintain separate accountings for the two fields because there was a possible issue present regarding the cross-subsidization of the market-based service by the cost-based service,<sup>25</sup> and such cross-subsidization concerns do not exist here. Finally, in *Algonquin Gas Transmission Co.*, Tennessee states that the proceeding involved a Natural Gas Act (NGA) section 7 certificate application regarding new facilities to be built to provide service to one specific shipper who, according to a precedent agreement, would pay for the entire cost of the project. The Commission required Algonquin to maintain separate books, accounts, and records for the project to ensure that any cost overruns were recovered only from the specific shipper.<sup>26</sup> Tennessee states that in the instant case, Midstream will be recovering the costs of the facilities needed for the rich gas transportation service as well as the incremental maintenance costs. As a result, there are no cost overruns that will be incurred by Tennessee and no need to separately account for the rich gas transportation service.

41. TCG filed a response to Tennessee's answer asserting its position that Tennessee should separately account for costs and revenues. It argues that there is no reason not to grant the TCG request as it will only help ensure that a record is later available for the Commission to resolve allocation issues. TCG counters that Tennessee's legal arguments are raising meaningless distinctions, and notes that Tennessee cannot point to any case where the Commission has denied a request that a pipeline maintain accounting records so that the Commission could resolve issues at a later time.

42. The Commission accepts Tennessee's proposal to provide its new rich gas transportation service under its existing Rate Schedules FT-A and IT. Other than the limitations on gas quality specifications and receipt and delivery points for the new service, all rates, terms, and conditions are identical to existing Rate Schedules FT-A and IT. Therefore, it is reasonable to provide firm and interruptible transportation service for

---

<sup>24</sup> 92 FERC ¶ 61,164, at 61,555 (2006).

<sup>25</sup> *Steuben Gas Storage Co.*, 72 FERC ¶ 61,102, at 61,542 (1995).

<sup>26</sup> *Algonquin Gas Transmission Co.*, 92 FERC ¶ 61,071, at 61,277 (2000).

rich gas under the same rate schedule as these services are provided for gas that satisfies Tennessee's existing gas quality standards.

43. The Commission also finds that it is reasonable for Tennessee to commence its firm and interruptible rich gas transportation service using its existing Rate Schedules FT-A and IT. When a pipeline proposes a new service in a limited section 4 filing, as here, the Commission has approved rates for the new service derived from rates for existing firm and interruptible transportation services.<sup>27</sup> Tennessee's proposal does not modify the rates for its existing services. Therefore, Tennessee's new rich gas service cannot affect the rates of its existing customers until Tennessee's next general section 4 rate case. At that time, parties will be free to raise the issue of whether the new service has caused Tennessee to incur greater operating and maintenance or other costs than its existing current services and whether those costs should be allocated solely to the rich gas service. As discussed below, the Commission is requiring Tennessee to maintain sufficient records to allow this issue to be fully investigated in its next rate case.

44. With regard to requests to impose an at-risk condition, as the Northeast Customer Group implicitly suggests,<sup>28</sup> in 1999 the Commission held in its *Certificate Policy Statement* that it would no longer impose at-risk conditions,<sup>29</sup> and the cases the Northeast Customer Group cite necessarily predate this shift in Commission policy.<sup>30</sup> Of course, at any future rate case, the parties are free to argue whether the instant proposal reflects an improper subsidy.

45. When the pipeline proposing a new rate schedule lacks the experience necessary to provide a reliable projection of possible revenues or costs related to the new service, the Commission has often conditioned its approval upon the filing of an activity report following the first year of service.<sup>31</sup> However, Tennessee has requested waiver of the

---

<sup>27</sup> See, e.g. *Gulf South Pipeline Co. LP*, 136 FERC ¶ 61,086, at P 23 (2011); *CenterPoint Energy Gas Transmission Co.*, 125 FERC ¶ 61,334, at PP 14-15 (2008); *Great Lakes Gas Transmission L.P.*, 120 FERC ¶ 61,105, at PP 8-10, 20 (2007).

<sup>28</sup> Northeast Customer Group Protest at 8 ("prior to adopting the *Certificate Policy Statement*...").

<sup>29</sup> *Certificate Policy Statement*, 88 FERC at 61,747.

<sup>30</sup> Northeast Customer Group Protest at 8 & n.30.

<sup>31</sup> *Id.*

rate design, cost allocation, and projected 12-month revenue requirements of the Commission's regulations,<sup>32</sup> stating that it does not have cost or revenue experience related to this new service and does not plan to allocate costs to this service for purposes of rate design independent of Tennessee's existing Rate Schedules FT-A and IT. Under such circumstances, the Commission has not always required the pipeline to submit workpapers containing twelve-month cost and revenue estimates<sup>33</sup> and finds that in the instant case Tennessee has shown good cause for us to waive this regulation, but only to the extent that in lieu of enforcing this requirement, we shall impose other, less onerous accounting requirements related to the instant proposal, as discussed below.

46. In particular, we will require separate accounting of costs and revenues for the new service. While Tennessee attempts to distinguish the instant proceeding from the particular cases presented by the Northeast Customer Group, Tennessee fails to articulate a compelling reason not to engage in such a ministerial and rational act. If, as Tennessee claims, the Rich Gas Line will result in no marginal expenses, then recording that fact should not be burdensome. If, however, the Rich Gas Line does result in additional expenses that might be passed on to shippers, then Tennessee will be required to detail and justify these expenses at its next general section 4 rate proceeding.<sup>34</sup> The Commission's requirement here will enable parties to readily ascertain the costs involved, if any, in the new service. Furthermore, although Tennessee states that cross-subsidization concerns do not exist here, this assertion can be validated only with the accurate bookkeeping required here. Accordingly, we direct Tennessee to separately account for the costs and revenues under the new service.

#### **D. Exclusive Processing Provision**

47. Tennessee states that in order to attract rich gas to its Rich Gas Line and provide a processing solution for its proposed service, it has entered into a straddle agreement with its affiliate, Midstream. Tennessee states that, under this agreement, Midstream would "have the exclusive right to construct one or more straddle plants (consisting of one or more processing plants, including cryogenic and/or refrigeration plants)."<sup>35</sup> Midstream would also pay all costs for Tennessee's facility modifications to accommodate the Rich

---

<sup>32</sup> 18 C.F.R. § 154.202(a)(1)(vi)-(viii) (2012).

<sup>33</sup> See, e.g., *CenterPoint Energy Gas Transmission Co.*, 125 FERC ¶ 61,334 at PP 14-15.

<sup>34</sup> *Supra* note 20.

<sup>35</sup> Transmittal at 3.

Gas Line. Tennessee asserts that this “exclusivity provision was intended to induce Midstream to make the capital investment in the processing facilities required to serve the Rich Gas Line shippers.”<sup>36</sup> It claims that without the exclusivity provision, the plant owner would not be assured a stream of revenue necessary to economically justify the investment.

48. Tennessee states that as part of its rich gas proposal, shippers using the Rich Gas Line will have to show proof of processing, but shippers will be required to make their own processing arrangements. Tennessee states that it will not be party to the processing arrangements and will not share in any of Midstream’s processing revenues. Tennessee adds that shippers that have processing arrangements with other processing facilities may interconnect with Tennessee’s three remaining parallel lean gas lines.

49. The Northeast Customer Group and EQT present four reasons that the Commission should find the proposed exclusive straddle agreement unlawful. First, EQT asserts that the proposed tariff language violates the Commission’s open access policy. EQT claims that Tennessee’s proposal mandates that shippers on the proposed Rich Gas Line enter into processing agreements with Tennessee’s affiliate Midstream in order to obtain transportation service. EQT states that Tennessee’s proposal would require “proof of processing” with Midstream and limit a shipper’s delivery points on the Rich Gas Line only to the “Rich Gas Line Plant Delivery Point(s),” which it claims is defined as the point of connection between the Rich Gas Line and the inlet of Midstream’s processing plants.<sup>37</sup> EQT argues that this language improperly ties transportation service on Tennessee’s Rich Gas Line to obtaining processing service from its affiliate, which it states the Commission has found to be discriminatory.<sup>38</sup>

50. Second, the Northeast Customer Group and EQT assert, the exclusivity provision is unduly discriminatory under section 4(b) of the NGA. It argues that Tennessee fails to

---

<sup>36</sup> *Id.* at n.6.

<sup>37</sup> EQT Protest at 4 (citing *Pro Forma* Sheet No. 81, at § 9.4, *Pro Forma* Sheet No. 151 at § 8.4, and *Pro Forma* Sheet No. 300A § 43.)

<sup>38</sup> EQT cites *Williams Natural Gas Co.*, 60 FERC ¶ 61,142, at 61,525 (1992) (*Williams*), which states the general policy against tying together transportation and processing services. EQT also cites *Criteria for Reassertion of Jurisdiction over the Gathering of Services of Natural Gas Company Affiliates*, 118 FERC ¶ 61,114, at P 60 (2007), which explains in the gathering services context that the Commission has jurisdiction to remedy anti-competitive behavior by pipelines, such as tying their transportation services to non-jurisdictional services provided by an affiliate.

explain why it is necessary to prohibit non-affiliated gas processors from interconnecting with Tennessee on the Rich Gas Line when no such prohibition exists anywhere else on Tennessee's system.

51. Third, the Northeast Customer Group argues that the exclusivity provision is anti-competitive. It asserts that the impact of the exclusivity provision is that Midstream will have a monopoly over the processing of Utica Shale gas that is able to enter the Rich Gas Line, which has the potential to harm producers and consumers. It adds that under the arrangement, the affiliate has a far greater incentive to capture as much of the revenue available from the transportation and processing of Utica Shale gas as possible because the affiliate will retain 100 percent of what it charges while Tennessee may be required to share rich gas transportation revenue with shippers.

52. Fourth, the Northeast Customer Group argues that the exclusivity provision is at odds with the Commission's pipeline interconnection policy in *Panhandle*.<sup>39</sup> Northeast Customer Group asserts that if an entity meets the requirements of the *Panhandle* policy,<sup>40</sup> a pipeline must allow the entity to interconnect with the pipeline. It argues that the *Panhandle* policy seeks to promote open access and competition by restricting pipelines from denying new interconnections. Tennessee, it claims, has made no showing that denying other operators the ability to interconnect with the Rich Gas Line would be permissible under *Panhandle*. It also questions Tennessee's statement that the exclusivity provision is meant to induce Midstream to make the necessary capital investments, arguing that no information shows that such an inducement is necessary.

53. Tennessee refutes EQT's claim that its proposal violates open access or the prohibition on tying. It argues that EQT fails to demonstrate how Tennessee would

---

<sup>39</sup> *Panhandle Eastern Pipe Line Co.*, 79 FERC ¶ 61,016, *order denying reh'g*, 81 FERC ¶ 61,295 (1997), *remanded*, *Panhandle Eastern Pipe Line Co. v. FERC*, 196 F.3d 1273 (D.C. Cir. 1999), *order on remand*, 91 FERC ¶ 61,037 (2000) (*Panhandle*).

<sup>40</sup> The Northeast Customer Group sets forth the five conditions as: (1) the party seeking the interconnection bear the cost of construction of the interconnection; (2) the proposed interconnection not adversely affect the pipeline's operations; (3) the proposed interconnection and resulting transportation not result in diminished service to the pipeline's existing customers; (4) the proposed interconnection not cause the pipeline to be in violation of any applicable environmental or safety laws or regulations with respect to the facilities required to establish an interconnection with the pipeline's facilities; and, (5) the proposed interconnection must not cause the pipeline to be in violation of its right-of-way agreements or any contractual obligations with respect to the interconnection facilities. *Id.* at 61,141.

improperly benefit from the exclusivity provision of the agreement. It argues that to require proof of processing under a pipeline's tariff does not constitute an improper tying arrangement and states that several pipelines have proof of processing provisions in their tariffs. Tennessee states that, in the *Williams* case cited by EQT, what the Commission prohibited Williams from having was a tariff provision that "creates a generic 'tying arrangement' under which a shipper would automatically be required to assign gas processing rights to Williams as a condition of receiving transportation by Williams."<sup>41</sup> It asserts that its tariff proposal does not contain any such assignment requirement, and instead shippers retain their processing rights and any revenues earned from processing their gas. It contends that shippers using Midstream are not required to use Tennessee's pipeline facilities to ship their gas to or from Midstream's facilities, and that Midstream, as a non-jurisdictional entity, is not leveraging its market power to benefit Tennessee's jurisdictional service.

54. Tennessee also argues that its proposal is not unduly discriminatory. Tennessee states that the proposed gas quality specifications in its tariff filing would be applied on a non-discriminatory basis, and that shippers that have already processed their gas (whether at an unaffiliated processing facility or at Midstream) would be free to interconnect with Tennessee's lean gas lines. It contends that the claims of discrimination are not based upon the tariff, but rather on its contract with Midstream. It asserts that the sole basis for this claim is speculation that Midstream could collect higher rates for processing services than it could if there were no exclusivity provision. Tennessee states the Commission should reject this argument since the Commission does not have jurisdiction over Midstream's services or the revenues it collects.<sup>42</sup>

55. Tennessee adds that, without a demonstration that Tennessee has improperly benefitted from the exclusivity provision of the straddle agreement, EQT must show that Midstream has leveraged its relationship with Tennessee to enhance Midstream's market

---

<sup>41</sup> 60 FERC at 61,525.

<sup>42</sup> Tennessee states that under section 1(b) of the NGA, FERC's authority to act under section 4(b) of the NGA does not extend "to the production or gathering of natural gas," and the D.C. Circuit has rejected attempts by FERC to impose obligations on non-jurisdictional entities through indirect means. *See Conoco v. FERC*, 90 F.3d 536, 552 (D.C. Cir. 1996). Tennessee states that, in addition, section 4(b) of the NGA prohibits undue discrimination and preference only "with respect to any transportation or sale of natural gas subject to the jurisdiction of the Commission," which is not the case in the instant proposal since the straddle plant would be non-jurisdictional.

power.<sup>43</sup> Tennessee provides as an example that Midstream would have to charge Tennessee's shippers higher, anti-competitive rates for processing services due to Tennessee's proof of processing requirement. Tennessee asserts that such factual circumstances are speculative at this point and would be properly addressed in a future complaint proceeding if they were to arise. Tennessee also asserts that other processing services are available to its shippers; it notes that, while other processors will not be able to connect to the Rich Gas Line, they can and do interconnect with the three lean lines.<sup>44</sup> Tennessee also echoes in its answer that it agreed to the exclusivity provision to give Midstream an incentive to make the capital investment in the processing facilities required to serve the Rich Gas Line shippers.

56. Tennessee argues that the exclusivity provision is not at odds with the Commission's pipeline interconnection policy set forth in *Panhandle* for several reasons. It asserts that *Panhandle* is not applicable to processing facility owners, but was implemented to develop a transportation grid to provide shippers with competitive transportation alternatives.<sup>45</sup> Tennessee contends that its exclusivity agreement does not affect its shippers' transportation alternatives, and that producers and gatherers are free to request interconnections with the proposed Rich Gas Line.

57. Tennessee further argues that, under the *Panhandle* policy, Tennessee may lawfully deny an interconnection request if the proposed interconnection causes "the pipeline to be in violation of its right of way agreements or any contractual obligations with respect to the interconnection facilities."<sup>46</sup> It contends that if a processing plant requested an interconnection on the proposed Rich Gas Line, the construction of the requested interconnection facilities would violate the straddle agreement between Midstream and Tennessee, since that agreement includes a provision granting Midstream

---

<sup>43</sup> Citing *Williams Gas Processing – Gulf Coast Co. v. FERC*, 373 F.3d 1335 (D.C. Cir. 2004).

<sup>44</sup> Tennessee notes that M3 Midstream LLC recently announced that it is constructing two processing facilities, the Kensington and Leesville plants, in the vicinity of Tennessee's interstate pipeline system, and that Tennessee has entered into an interconnection agreement to connect the Kensington plant to its lean gas lines. Tennessee states it is negotiating additional interconnection agreements to its lean gas lines as well.

<sup>45</sup> Citing *Panhandle*, 91 FERC at 61,140-42.

<sup>46</sup> Citing *id.* at 61,141; (citing *Tennessee Gas Pipeline Co. v. Columbia Gulf Transmission Co.*, 112 FERC ¶ 61,118 (2005)).

the exclusive right to be located the Rich Gas Line. Tennessee asserts that under the *Panhandle* policy, it may properly refuse to provide an interconnection if doing so would violate the Midstream contract.

58. The Commission finds that Tennessee's agreement with Midstream, which Tennessee has described to the Commission but not filed in this docket,<sup>47</sup> does not appear to impact the Commission's policies on tying or anti-competitive practices, but does violate the Commission's open access interconnection policy. It also appears to violate Tennessee's own tariff language on interconnections.<sup>48</sup>

59. In *Panhandle*, the Commission established a policy to ensure competitive forces operate freely and that open-access pipelines do not impose artificial restrictions on those who seek access to a pipeline system.<sup>49</sup> The Commission found that when pipelines are able to accommodate the interconnection, subject to reasonable conditions, the pipeline may not deny such requests. Moreover, the Commission emphasized that it did not require that a pipeline construct or acquire facilities,<sup>50</sup> rather it stated that the interconnection policy sought only to ensure that when a pipeline responded to a request for interconnections, it did so in a manner that causes no undue discrimination and that furthers the Commission's policies favoring competition across the national pipeline grid.<sup>51</sup> The Commission also stated that it would evaluate each pipeline's interconnection

---

<sup>47</sup> Tennessee's *pro forma* tariff records themselves contain no exclusivity clause. Rather, as proposed, they merely require a shipper to provide "proof of processing" for rich gas transportation service and allow for any number of "point(s) of physical interconnection." See *Pro Forma* Sheet No. 81, at § 9.1; *Pro Forma* Sheet No. 151, at § 8.1; and *Pro Forma* Sheet No. 300A § 43.

<sup>48</sup> See GT&C §XIX.4 ("Subject to the provisions of Section 3 above, Transporter **shall construct**, modify or rearrange Tap Facilities or Tap and Connecting Facilities for any requesting party who agrees to pay Transporter for the cost of such Construction.") (emphasis added); GT&C §XIX.2 ("All requests for the Construction of Tap Facilities or Tap and Connecting Facilities shall be handled by Transporter **in a manner which is not unduly discriminatory.**") (emphasis added)).

<sup>49</sup> *Panhandle*, 91 FERC at 61,142.

<sup>50</sup> *Id.* at 61,144.

<sup>51</sup> *Id.*

policy proposal on a case-by-case basis.<sup>52</sup> To this end, *Panhandle* established a policy of requiring pipelines to interconnect if the following five conditions are met:

First, the party seeking the interconnection must be willing to bear the costs of construction.... Second, the proposed interconnection must not adversely affect the pipeline's operations. Third, the proposed interconnection and any resulting transportation must not diminish service to the pipeline's existing customers. Fourth, the proposed interconnection must not cause the pipeline to be in violation of any applicable environmental or safety laws or regulations.... Finally, the proposed interconnection must not cause the pipeline to be in violation of its right-of-way agreements or any other contractual obligations with respect to the interconnection facilities.<sup>53</sup>

60. Applying that standard here, we find that Tennessee's agreement with Midstream violates this policy by declaring, *ab initio*, that Tennessee shall not consider any offers to interconnect other processing plants with the Rich Gas Line, regardless of their potential benefits to shippers, the general public, or even Tennessee itself. Tennessee does not attempt to demonstrate that an interconnection request from another processing plant could be rejected for failure to satisfy any of the first four *Panhandle* conditions. Nor does it seem likely that Tennessee could make such a claim, since Tennessee has demonstrated in this docket that it will be possible to interconnect with the Rich Gas Line without compromising Tennessee's operations, service to existing customers, or regulatory duties.

61. Rather, Tennessee argues that *Panhandle* reserves to a pipeline the right to reject future interconnection requests, by the expedient of entering into an exclusivity agreement with one interconnection partner, in this case Midstream, providing that it will reject interconnection requests from certain other parties, in this case other processing plants. However, Tennessee appears to be reading *Panhandle* far more broadly than was originally contemplated, for three reasons. First, it is an axiom of the law that one may

---

<sup>52</sup> *Id.*

<sup>53</sup> *Id.* at 61,141.

not presume the right to do indirectly what one may not do directly.<sup>54</sup> Here, Tennessee is asserting that it may bypass Commission policy by signing an agreement with its own affiliate stating so. Since any pipeline can create an affiliate with relative ease, Tennessee's reading would render the *Panhandle* policy a dead letter.

62. Second, even if Midstream were not an affiliate, the Commission did not intend in the fifth condition in *Panhandle* to allow for contracts whose primary purpose is to subvert *Panhandle*. The Commission adopted the interconnection policy in *Panhandle* in an effort to ensure that competitive forces operate freely and that open access pipelines do not impose artificial restrictions on those that seek access to that pipeline system.<sup>55</sup>

63. Third, *Panhandle* expressly states, “[p]ipelines may not deny requests for interconnections based upon economic arguments.”<sup>56</sup> The Commission found that that when pipelines are able to accommodate the interconnection, subject to the reasonable conditions established in the *Panhandle* order, the pipeline may not deny such requests.<sup>57</sup> Therefore, we do not give credence to Tennessee's arguments that it is economically necessary for the Commission to countenance Midstream's attempt to gain exclusivity. Rather than deny interconnection, *Panhandle* holds, the proper course is to file a petition that the Commission will entertain, “on a case-by-case basis, [for possible] recovery of economic losses associated with an interconnection.”<sup>58</sup> Indeed, given that *Panhandle* is itself an outgrowth of the Commission's open access interconnection policies, it is not clear why the Commission should contemplate exclusivity agreements exempting significant portions of an interstate pipeline.

64. Accordingly, Tennessee has not demonstrated its claim that it may deny a third-party request for interconnection with the Rich Gas Line. The Commission requires that Tennessee provide transportation on a not unduly discriminatory basis, as provided for in section 4(b) of the NGA and in the Commission's *Panhandle* policy. The Commission

---

<sup>54</sup> *E.g.*, *Gelpcke v. City of Dubuque*, 68 U.S. 175, 192, 17 L. Ed. 520 (1863) (“It is almost unnecessary to say, that what the legislature cannot do directly, it cannot do indirectly. The stream can mount no higher than its source.”).

<sup>55</sup> *Panhandle*, 91 FERC at 61,142.

<sup>56</sup> *Id.*

<sup>57</sup> *Id.*

<sup>58</sup> *Id.*

expects that Tennessee will consider all future requests for interconnection in accordance with this requirement to provide transportation on a not unduly discriminatory basis.

**E. Requests for Technical Conference**

65. Several parties request that the Commission convene a technical conference to further address issues related to Tennessee's proposed new rich gas transportation service. In its answer, Tennessee argues that there is no need for a technical conference since the filing and its answer contain sufficient information for the Commission to resolve the issues raised by parties.

66. The pleadings filed in this proceeding, including Tennessee's answer, provide sufficient information for the Commission to make a merits-based decision on Tennessee's proposal. Accordingly, no technical conference is required at this time.

The Commission orders:

(A) Tennessee's *pro forma* tariff records, as set forth in the Appendix, are accepted subject to the conditions set forth in the body of the order.

(B) We direct Tennessee to file actual, conforming tariff records 60 days prior to the in-service date of its rich gas transportation service.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

**Appendix**

Tennessee Gas Pipeline Company  
Sixth Revised Volume No. 1  
FERC NGA Gas Tariff

*Pro Forma* Tariff Records Included with Filing

*Pro Forma* Sheet No. 77  
*Pro Forma* Sheet No. 78  
*Pro Forma* Sheet No. 81  
*Pro Forma* Sheet No. 149  
*Pro Forma* Sheet No. 151  
*Pro Forma* Sheet No. 298  
*Pro Forma* Sheet No. 299  
*Pro Forma* Sheet No. 300  
*Pro Forma* Sheet No. 300A  
*Pro Forma* Sheet No. 301  
*Pro Forma* Sheet No. 302  
*Pro Forma* Sheet No. 302A  
*Pro Forma* Sheet No. 302B  
*Pro Forma* Sheet No. 302C  
*Pro Forma* Sheet No. 304  
*Pro Forma* Sheet No. 305  
*Pro Forma* Sheet No. 307  
*Pro Forma* Sheet No. 315  
*Pro Forma* Sheet No. 316  
*Pro Forma* Sheet No. 321  
*Pro Forma* Sheet No. 342