

155 FERC ¶ 61,220
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;
Cheryl A. LaFleur, Tony Clark,
and Colette D. Honorable.

Southern Natural Gas Company, L.L.C.

Docket No. CP14-493-000

ORDER ISSUING CERTIFICATE

(Issued June 1, 2016)

1. On May 30, 2014, Southern Natural Gas Company, L.L.C. (Southern) filed an application under sections 7(b) and 7(c) of the Natural Gas Act (NGA)¹ and Parts 157 and 284 of the Commission's regulations,² seeking authorization to construct the Zone 3 Expansion Project, which consists of additional compression and a pipeline loop of approximately 3.3 miles. As part of the project, Southern also seeks authorization to abandon and relocate an existing compressor unit. This project will create an additional 235,000 million cubic feet per day (MMcf/d) of firm transportation capacity on Southern's pipeline system. For the reasons discussed below, we will grant the requested authorizations, subject to conditions.

I. Background and Proposal

2. Southern is a natural gas company subject to the Commission's jurisdiction under section 2(6) of the NGA.³ Southern's transmission system extends through the states of Texas, Louisiana, Mississippi, Alabama, Georgia, South Carolina, Tennessee, and Florida. Southern is an open-access pipeline company that provides transportation service pursuant to Part 284 of the Commission's regulations.

¹ 15 U.S.C. §§ 717f (b) and (c) (2012).

² 18 C.F.R. pts. 157 and 284 (2015).

³ 15 U.S.C. § 717a(6) (2012).

3. As stated above, Southern proposes to add approximately 235,000 MMcf/d of firm transportation capacity in Rate Zone 3 of its existing pipeline system. Zone 3 encompasses nearly all of Southern's system in Georgia, Tennessee, South Carolina, and Florida. Southern states that the project will provide seamless transportation service from interconnections with Transcontinental Gas Pipe Line Company, LLC (Transco) and Elba Express Company, L.L.C. (Elba Express) to the shippers' delivery points in Southern's Zone 3. Southern states that the Zone 3 Expansion Project is supported by precedent agreements for firm transportation service with ten new and existing customers for all the capacity created by the Project. To create this additional capacity, Southern proposes to:

- Construct a 3.3 mile long, 36-inch-diameter pipeline loop upstream of the existing Gallion Compressor Station in Marengo County, Alabama. Southern states that the loop will begin at an existing valve setting located at milepost (MP) 125.23, within the existing right-of-way (ROW) in a managed and planted pine forest, and end at a new mainline block valve at MP 128.48. Southern also proposes to acquire approximately 30 additional feet of permanent ROW for use during operations and to construct one new access road at the east end of the proposed pipeline loop.
- Install a new 4,000 horsepower (HP) compressor at the existing Thomaston Compressor Station located in Upton County, Georgia. Southern states that all of the proposed permanent facilities associated with adding a compressor unit will be located within the existing facility security fence.
- Abandon from operation a 4,700 HP compressor unit currently located at the Toca Compressor Station in St. Bernard Parish, Louisiana.
- Relocate and install the 4,700 HP compressor unit from the Toca Compressor Station at the Riceboro Compressor Station in Liberty County, Georgia as well as install additional gas cooling facilities. Southern states that compressor will be constructed in the central portion of the compressor station and all of the proposed permanent facilities associated with adding a compressor unit will be located within the existing facility security fence.
- Install new gas cooling units adjacent to the three existing gas cooling units at the Brookman Compressor Station in Glynn County, Georgia. The new gas cooling addition will be constructed in the southwest portion of the compressor station. Southern states that all of the proposed permanent facilities associated with adding gas cooling units will be located within the existing facility security fence.
- Construct a new compressor station (the Hilliard Compressor Station) in Nassau County, Florida. The proposed Hilliard Compressor Station was previously certificated by the Commission as Phase III of Southern's Cypress

Pipeline Project (CP05-388-000). However, the shipper that had subscribed to the Phase III firm transportation capacity elected to terminate Phase III. Therefore, the Hilliard Compressor Station was not constructed at the time and the authorization expired under its own terms. Southern states that the Hilliard Compressor Station, as proposed here, will include compressor and auxiliary buildings; associated above ground piping and valves; actuators; unit suction and discharge valves and actuators; a station suction scrubber; station recycle valves; lube oil coolers; multiple blowdown silencers; exhaust systems; a backup generator; inlet air filters; a fuel gas conditioning skid; a fire/gas detection system; an air compressor and air dryer; a station transformer; and electrical pole(s) surrounded by a chain-link security fence. Southern states that a new gravel-surfaced access road will be constructed for access to the site during construction and operation.

- Replace the existing rotary meter at the Jesup meter station in Wayne County, Georgia. Southern states that the replacement will be “drop-in” and that no ground disturbance will be necessary.
- Install up to three pipeline taps and Supervisory Control and Data Acquisition (SCADA) systems along the existing Southern Cypress Line in Nassau County and/or Duval County, Florida. The specific numbers and locations of the pipeline taps and SCADA systems have not been determined. Southern states that these locations will be provided with a subsequent filing.

4. Southern estimates that the cost of the project will be \$93,468,931. Additionally, to provide this incremental service to its Zone 3 customers, Southern has entered into a precedent agreement with its affiliate Elba Express for approximately 235,000 MMcf/d of firm transportation capacity.⁴ Southern requests authorization for incremental rate treatment for the project. As discussed below, the charges that Southern will incur from Elba Express are included in the cost of service for the project.

II. Public Notice, Interventions, and Comments

5. Notice of Southern’s application was issued on June 13, 2014, and published in the Federal Register on June 20, 2014 (79 Fed. Reg. 35,341). The due date for interventions, comments, and protests was July 7, 2014. Parties listed in Appendix A

⁴ On March 21, 2014, Elba Express filed an application to construct new facilities to provide incremental transportation service to Southern in Docket No. CP14-115-000 (Elba Express Modification Project). An order granting that application is being issued concurrently.

filed timely, unopposed motions to intervene.⁵ In addition, Southern Company Services, Inc., Jacksonville Electric Authority, and Weyerhaeuser NR Company filed comments in support of the project. No protests were filed.

III. Discussion

6. Since the proposed facilities will be used to transport natural gas in interstate commerce, subject to the Commission's jurisdiction, the construction and operation of the facilities are subject to the requirements of section 7(c) and (e) of the NGA. In addition, because Southern seeks authority to abandon an existing compressor unit subject to the Commission's jurisdiction, the proposal is subject to the requirements of NGA section 7(b).

A. Certificate Policy Statement

7. The Certificate Policy Statement provides guidance for evaluating proposals to certificate new construction.⁶ 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 explained that in deciding whether to authorize the construction of major new pipeline facilities, the Commission balances the public benefits against the potential adverse consequences. The Commission's goal is to give appropriate consideration to the enhancement of competitive transportation alternatives, the possibility of overbuilding, subsidization by existing customers, the applicant's responsibility for unsubscribed capacity, the avoidance of unnecessary disruptions of the environment, and the unneeded exercise of eminent domain in evaluating new pipeline construction.

8. Under this policy, the threshold requirement for existing pipelines proposing new projects is that the pipeline must be prepared to financially support the project without relying on subsidization from 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 construction of the new facilities. If residual adverse effects on these interest groups are identified after

⁵ Timely, unopposed motions to intervene are granted by operation of Rule 214 of the Commission's Rules of Practice and Procedure. *See* 18 C.F.R. § 385.214 (2015).

⁶ *Certification of New Interstate Natural Gas Pipeline Facilities*, 88 FERC ¶ 61,227 (1999), *clarified*, 90 FERC ¶ 61,128, *further clarified*, 92 FERC ¶ 61,094 (2000) (Certificate Policy Statement).

efforts have been made to minimize them, the Commission 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 the Commission proceed to complete the environmental analysis where other interests are considered.

9. As noted above, the threshold requirement under the Certificate Policy Statement is that the pipeline must be prepared to financially support a project without relying on subsidization from its existing customers. Southern's proposal to charge an incremental rate for the new service that exceeds its existing applicable system rate satisfies the threshold requirement. Southern's proposed monthly incremental reservation charge of \$14.06 per dekatherm (Dth) is higher than Southern's existing monthly Zone 3 reservation charge of \$12.77 per Dth. Thus, it is appropriate for Southern to charge an incremental rate for the new service, protecting Southern's existing shippers from subsidizing the project.

10. Southern states that the project will meet current and future unmet market demand by providing new capacity to connect abundant domestic gas supplies available on the Transco and Elba Express pipelines with growing natural gas markets in the southeastern United States. Southern has executed precedent agreements with ten new and existing customers for the entire proposed incremental firm transportation capacity that will result from the proposed project facilities.

11. The proposed project will not adversely affect Southern's existing customers. Southern states that the project will provide the added benefit of increased flexibility and reliability to Southern's existing customers by providing additional compression and mainline capacity. Also, relocation of a compressor unit from the Toca Compressor Station to the Riceboro Compressor Station allows for the continued use of existing resources and facilities, which in turn contributes to the efficient operation of Southern's system for the benefit of its customers.

12. Further, no competing pipelines or their captive customers will be adversely affected by Southern's proposal. The project will provide supply diversity and increase the supply of competitively-priced gas in the region. In addition, no other pipeline or captive customers have protested Southern's proposal.

13. Southern has also taken steps to mitigate or avoid any potential adverse impacts on landowners and the surrounding communities. Southern chose locations adjacent to existing rights of way for the pipeline loop and existing compressor stations for most of the additional compression. The Hilliard Compressor Station and the associated facilities are proposed at a site that had previously been certificated by the Commission. No landowners have protested the application.

14. Southern's proposal will increase the design capacity of Southern's Zone 3 pipeline system, enabling it to provide an additional 235,000 MMcf/d of firm transportation capacity for the expansion shippers. Based on the benefits the project will provide and the minimal adverse effect on existing shippers, other pipelines and their captive customers, and landowners and surrounding communities, the Commission finds, consistent with the criteria discussed in the Certificate Policy Statement and subject to the environmental discussion below, that the public convenience and necessity requires approval of Southern's proposal, as conditioned in this order.

B. Abandonment

15. Section 7(b) of the NGA allows an interstate pipeline company to abandon jurisdictional facilities only if the abandonment is permitted by the present or future public convenience or necessity.⁷ The applicant has the burden of providing evidence to show that the abandonment is permitted under this standard. The Commission has stated that continuity and stability of existing service are the primary considerations in assessing the public convenience or necessity of a permanent cessation of service under NGA section 7(b).⁸

16. Southern requests authority to abandon from operation compressor unit 15, a 4,700 HP compressor, at the Toca Compressor Station and relocate it to the Riceboro Compressor Station. The abandonment of the compressor unit at the Toca Compressor Station would not be detrimental to the current operating requirements of the Southern pipeline. Southern states that the compressor unit is no longer needed at the Toca Compressor Station because of the decline in gas production from the Gulf of Mexico in recent years. Southern states that the current firm transportation obligations through the Toca Compressor Station are 519,000 MMcf/d, while the peak volume during the last three calendar years was 666,000 MMcf/d. After the relocation of compressor unit 15, the Toca Compressor Station will be capable of compressing approximately 930,000 MMcf/d. Therefore, Southern will be able to meet its firm transportation obligations and peak transportation volumes without compressor unit 15.

17. As discussed above, the Commission is granting Southern certificate authority to construct new facilities as part of its Zone 3 Expansion Project. Since compressor unit 15 will not affect Southern's ability to meet its firm transportation commitments, we find

⁷ 15 U.S.C. § 717f(b) (2012); *See also El Paso Natural Gas Co.*, 135 FERC ¶ 61,079, at P 17 (2011).

⁸ *See Tallgrass Interstate Gas Transmission, LLC*, 144 FERC ¶ 61,095, at P 45 (2013); *Southern Natural Gas Co.*, 126 FERC ¶ 61,246, at P 27 (2009).

abandonment is permitted by the public convenience and necessity and thus approve the abandonment.

C. Connected Action

18. Southern states in the application that it is proposing the project, in part, to provide firm access to natural gas entering Southern's system through its interconnections with its affiliate Elba Express, whose application to construct the Elba Express Modification Project is pending in Docket No. CP14-115-000.⁹ Further, Exhibit P of Southern's application expressly shows that Southern's cost of transportation on the Elba Express Modification Project is included as an Account No. 858 expense in the Zone 3 Expansion Project's cost of service, indicating that the Elba Express Modification Project capacity is a necessary component of Southern's proposed service. The precedent agreement between Southern and Elba Express for off-system firm transportation provides that Southern and Elba Express will each file applications with the Commission seeking authorization to construct, own, and operate their respective expansion facilities.

19. Based on such information, the Commission finds that the Zone 3 Expansion Project is dependent upon Elba Express's Modification Project. The cumulative environmental impacts of the Elba Liquefaction Project and the Elba Express Modification Project were evaluated in the October 31, 2014 EA for the Zone 3 Expansion Project and were not expected to significantly contribute to the cumulative impacts for that project.¹⁰ Likewise, the cumulative environmental impacts of Southern's Zone 3 Expansion Project were evaluated in the February 5, 2016 Environmental Assessment (EA) for Docket Nos. CP14-103-000 and CP14-115, and were not expected to significantly contribute to cumulative impacts in the area of the proposed Elba Liquefaction Project and the Elba Express Modification Project.¹¹ The Commission is taking concurrent action on the Zone 3 Expansion Project and the Elba Express Modification Project.

⁹ The Elba Express Modification Project consists of the construction of additional compression facilities at an existing compressor station; the construction of two new compressor stations; and reconfiguration of existing pipeline facilities.

¹⁰ See EA at 37.

¹¹ See Docket Nos. CP14-103-000 and CP14-115-000, EA at 2-139.

D. Rates**Initial Incremental Recourse Rate**

20. Southern proposes to charge an initial incremental recourse rate, which includes a monthly reservation charge of \$14.06 per Dth. This reservation charge is based on an annual cost of service of \$40,499,667, billing determinants of 2,880,588 Dth (240,049 Dth multiplied by 12 months), a depreciation rate of 2.25 percent,¹² and a pre-tax return of 10.24 percent.¹³ Southern states that its proposed cost of service of \$40,499,667 includes \$25,060,268 of Transmission/Compression of Gas By Others (FERC Account No. 858) for the transportation of gas by Elba Express. This amount is based on negotiated rates between Southern and Elba Express.¹⁴

21. For the initial incremental recourse commodity charge, Southern proposes that Zone 3 Expansion shippers pay Southern's currently effective Rate Schedule FT commodity charge, which is currently \$0.032/Dth.¹⁵ Southern proposes to charge its Zone 3 intrazone fuel and lost and unaccounted for (LAUF) charge of 0.29 percent. In addition, Southern proposes to pass through the Elba Express fuel retention charges of 0.77 percent for North to South service and 0.19 percent for LAUF. Further, Southern proposes to charge all other applicable rates, charges and surcharges.

22. The Commission has reviewed Southern's proposed cost of service and initial incremental recourse rate and finds that they are reasonable, subject to certain conditions. Southern's cost of service includes \$25,060,268 for transportation on Elba Express. This amount is based on the negotiated rates between Southern and Elba Express.¹⁶ Commission policy requires that recourse rates be derived from a traditional cost of

¹² Southern states that the 2.25 percent system-wide depreciation rate was approved in its 2013 settlement. *See Southern Natural Gas Co., L.P.*, 144 FERC ¶ 61,023 (2013).

¹³ Southern states that the pre-tax return was specified in its 2000 settlement. *See Southern Natural Gas Co.*, 91 FERC ¶ 61,206 (2000).

¹⁴ Southern's September 5, 2014 Response to Data Request no. 3.

¹⁵ Southern's September 5, 2014 Response to Data Request no. 2, Attachment 2.

¹⁶ *See* Southern's Application, Exhibit P, sheet 2, line 2 and sheet 6, and Southern's September 5, 2014 Response to Data Request no. 3.

service.¹⁷ Therefore, the Commission requires Southern to recalculate its cost of service and its incremental recourse reservation charge to reflect the recourse reservation charge approved in Elba Express's filing in Docket No. CP14-115-000.¹⁸

23. Southern proposes that interruptible shippers using capacity associated with the Zone 3 Expansion pay the currently effective interruptible transportation rate under its Rate Schedule IT. The Commission approves Southern's proposal.

24. Southern is required to file actual tariff records reflecting the revised incremental recourse rate charges not less than 30 days and not more than 60 days prior to the date the Zone 3 Expansion Project facilities go into service. The filing should include work papers which show the revised cost of service, reservation charge and commodity charge.

25. Consistent with the Certificate Policy Statement, the Commission directs Southern to keep separate books and accounting of costs attributable to the Zone 3 Expansion Project. The books should be maintained with applicable cross-references, as required by section 154.309 of the Commission's regulations. This information must be in sufficient detail so that the data can be identified in Statements G, I, and J in any future NGA section 4 or 5 rate case and the information must be provided consistent with Order No. 710.¹⁹

E. Environmental Analysis

26. On July 28, 2014, the Commission issued a Notice of Intent to Prepare an Environmental Assessment for the Proposed Zone 3 Expansion Project and Request for Comments on Environmental Issues (NOI). The NOI was mailed to interested parties including federal, state, and local officials; agency representatives; environmental and public interest groups; Native American tribes; local libraries and newspapers; and affected property owners. We received no substantive comments in response to the NOI.

27. To satisfy the requirements of the National Environmental Policy Act, our staff prepared an environmental assessment (EA) for Southern's proposal. The analysis in the EA addresses geology, soils, water resources, wetlands, vegetation, fisheries, wildlife,

¹⁷ See, e.g., *Alternatives to Traditional Cost-of-Service Ratemaking for Natural Gas Pipelines*, 74 FERC ¶ 61,076, at 61,242 (1996).

¹⁸ Elba Express's reservation charge is its existing recourse rate of 8.0776/Dth.

¹⁹ See *Revisions to Forms, Statements, and Reporting Requirements for Natural Gas Pipelines*, Order No. 710, FERC Stats. & Regs. ¶ 31,267, at P 23 (2008).

threatened and endangered species, land use, recreation, visual resources, cultural resources, air quality, noise, safety, socioeconomics, and alternatives. The EA was placed into the public record on October 31, 2014. No comments on the EA were filed.

28. Since issuance of the EA, Southern has made several supplemental filings updating the record on its progress in obtaining pertinent permits and consultations. As a result, three EA recommendations are no longer required in this order, and one has been modified. These include the requirement to justify the need for additional workspace for constructing the pipeline loop at eight locations²⁰ and a requirement to obtain concurrence from the U.S. Fish and Wildlife Service (FWS) for the project's compliance with section 7 of the Endangered Species Act.²¹ Commission staff reviewed the supplemental information filed for the extra workspace justifications and finds them acceptable.²² In addition, in an e-mail dated January 20, 2015, FWS concurred with the project's determination of effect; therefore, consultation is now complete.²³

29. The EA also included a recommendation requiring a pre-construction noise survey at the Thomaston Compressor Station to verify that the noise for all equipment operated at full load does not exceed previously authorized noise levels.²⁴ Southern submitted its noise survey results on March 4, 2015. Therefore, EA recommendation 15 has been excluded from this order. Commission staff reviewed the survey and finds that the pre-construction noise levels do not exceed the authorized levels. However, we have added the Thomaston Compressor Station to environmental condition 12 to require a post-construction noise survey to ensure that noise levels do not exceed the Commission's noise limit of 55 A-weighted decibels, at the nearest noise-sensitive area.

30. Based on the analysis in the EA, we conclude that if constructed and operated in accordance with Southern's application and supplements, and in compliance with the environmental conditions in Appendix B to this order, our approval of this proposal would not constitute a major federal action significantly affecting the quality of the human environment.

²⁰ EA Recommendation 12.

²¹ EA Recommendation 13.

²² See Southern's December 18, 2014 Supplemental Filing.

²³ FWS e-mail dated January 20, 2015 to CH2M Hill (Southern's environmental consultant) (filed January 30, 2015).

²⁴ EA Recommendation 15.

31. 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.²⁵

32. The Commission on its own motion received and made a part of the record all evidence, including the application, as supplemented, and exhibits thereto, and all comments submitted herein, and upon consideration of the record,

The Commission orders:

(A) A certificate of public convenience and necessity is issued to Southern pursuant to section 7(c) of the NGA and Part 157 of the Commission's regulations authorizing it to construct and operate the Zone 3 Expansion Project as described and conditioned herein, and as more fully described in the application.

(B) The certificate authorized in Ordering Paragraph (A) above is conditioned on:

(1) Southern's proposals being made available for service within two years of the date of this order pursuant to section 157.20(b) of the Commission's regulations;

(2) Southern'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;

(3) Southern's compliance with the environmental conditions listed in Appendix B to this order.

²⁵ See, e.g., *Schneidewind v. ANR*, 485 U.S. 293 (1988); *Dominion Transmission, Inc. v. Summers*, 723 F.3d 238, 243 (D.C. Cir. 2013) (holding state and local regulation is preempted by the NGA to the extent it conflicts with federal regulation, or would delay the construction and operation of facilities approved by the Commission); and *Iroquois Gas Transmission System, L.P.*, 52 FERC ¶ 61,091 (1990), *order on reh'g*, 59 FERC ¶ 61,094 (1992).

(C) Southern shall execute contracts for all of the capacity and for the terms represented in the precedent agreement prior to commencing construction.

(D) Southern is granted permission and approval, pursuant to NGA section 7(b), to abandon compression, as described herein and in its application.

(E) Southern's incremental recourse rate is approved, as conditioned and more fully discussed in this order.

(F) Southern shall keep separate books and accounting of costs attributable to the proposed incremental services, as more fully described in this order.

(G) Southern is required to file actual tariff records reflecting the revised incremental reservation charges not less than 30 days and not more than 60 days prior to the date the proposed project goes into service, as more fully described in this order.

(H) Southern shall notify the Commission's environmental staff by telephone, e-mail, and/or facsimile of any environmental noncompliance identified by other federal, state, or local agencies on the same day that such agency notifies Southern. Southern 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

Intervenors

Alabama Municipal Distributors Group

Atlanta Gas Light Company and Chattanooga Gas Company

Austell Gas System

BG Energy Merchants, LLC

Board of Water, Light and Sinking Fund Commissioners of the City of Dalton, Georgia

Florida Gas Transmission Company, LLC

Jacksonville Electric Authority

Municipal Gas Authority of Georgia

NJR Energy Services Company

Peoples Gas System, a Division of Tampa Electric Company

South Carolina Electric & Gas Company

Southeast Alabama Gas Company

Southern Company Services, Inc.²⁶

Weyerhaeuser NR Company

²⁶ Southern Company Services, Inc. is an Alabama corporation acting as an agent for its affiliated electric generation companies, Alabama Power Company, Georgia Power Company, Mississippi Power Company, Gulf Power Company, and Southern Power Company.

Appendix B

Southern Natural Gas Company, LLC Docket No. CP14-493-000 Environmental Conditions

As recommended in the environmental assessment (EA), this authorization includes the following conditions:

1. Southern shall follow the construction procedures and mitigation measures described in its application and supplemental filings (including responses to staff data requests) and as identified in the EA unless modified by this Order. Southern 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 Office of Energy Projects (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 this 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 impacts resulting from project construction and operation.
3. **Prior to any construction**, Southern shall file an affirmative statement with the Secretary, certified by a senior company official, that all company personnel, environmental inspectors (EI), and contractor personnel will be informed of the EI's authority and have been or will 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 or plot plans. **As soon as they are available, and before**

the start of construction, Southern 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 this Order. All requests for modifications of environmental conditions of this Order or site-specific clearances must be written and must reference locations designated on these alignment maps/sheets.

Southern's exercise of eminent domain authority granted under NGA section 7(h) in any condemnation proceedings related to this Order must be consistent with these authorized facilities and locations. Southern's right of eminent domain granted under NGA section 7(h) does not authorize it to increase the size of its natural gas pipeline to accommodate future needs or to acquire a right-of-way for a pipeline to transport a commodity other than natural gas.

5. Southern 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 work space allowed by Southern's Upland Erosion Control, Revegetation, and Maintenance Plan and/or minor field realignments per landowner needs and requirements which 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 at least 60 days before construction begins**, Southern shall file an Implementation Plan with the Secretary for review and written approval by the Director of OEP. Southern must file revisions to the plan as schedules change. The plan shall identify:
- a. how Southern 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 this Order;
 - b. how Southern 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 EIs assigned per spread, and how the company will ensure that sufficient personnel are available to implement the environmental mitigation;
 - d. company personnel, including EIs and contractors, who will receive copies of the appropriate material;
 - e. the location and dates of environmental compliance training and instructions Southern will give to all personnel involved with construction and restoration;
 - f. the company personnel (if known) and specific portion of Southern 's organization having responsibility for compliance;
 - g. the procedures (including use of contract penalties) Southern 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 environmental compliance training of onsite personnel;
 - (3) the start of construction; and
 - (4) the start and completion of restoration.
7. Southern shall employ at least one EI per construction spread. The EI(s) shall be:
- a. responsible for monitoring and ensuring compliance with all mitigation measures required by this 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 this Order, and any other authorizing document;
 - d. responsible for documenting compliance with the environmental conditions of this Order, as well as any environmental conditions/permit requirements imposed by other federal, state, or local agencies; and

- e. responsible for maintaining status reports.
8. **Beginning with the filing of its Implementation Plan**, Southern 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 will also be provided to other federal and state agencies with permitting responsibilities. Status reports shall include:
- a. an update on Southern'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 EI(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. a description of the 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 this Order, and the measures taken to satisfy their concerns; and
 - g. copies of any correspondence received by Southern from other federal, state, or local permitting agencies concerning instances of noncompliance, and Southern's response.
9. **Prior to receiving written authorization from the Director of OEP to commence construction of any project facilities**, Southern shall file with the Secretary documentation that it has received all applicable authorizations required under federal law (or evidence of waiver thereof).
10. Southern must receive written authorization from the Director of OEP **before placing the project into service**. Such authorization will 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 authorized facilities in service**, Southern 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 will be consistent with all applicable conditions; or

- b. identifying which of the certificate conditions Southern has complied with or will 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. Southern shall file a noise survey with the Secretary **no later than 60** days after placing the Riceboro, Brookman, Hilliard, and Thomaston Compressor Stations in service. If a full load condition noise survey is not possible, Southern shall provide an interim survey at the maximum possible horsepower load and provide the full load survey **within 6 months**. If the noise attributable to the operation of all of the equipment at the Riceboro, Brookman, Hilliard, and Thomaston Compressor Stations under interim or full horsepower load conditions exceeds a day-night sound level (L_{dn}) of 55 decibels on the A-weighted scale (dBA) at any nearby NSA, Southern shall file a report on what changes are needed and should install the additional noise controls to meet the level within 1 year of the in-service date. Southern shall confirm compliance with the above requirement by filing a second noise survey with the Secretary **no later than 60 days** after it installs the additional noise controls.

Document Content(s)

CP14-493-000.DOCX.....1-18