

155 FERC ¶ 61,264
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Northern Natural Gas Company

Docket No. CP15-552-000

ORDER ISSUING CERTIFICATE

(Issued June 16, 2016)

1. On September 9, 2015, Northern Natural Gas Company (Northern) filed an application pursuant to section 7(c) of the Natural Gas Act (NGA)¹ and Part 157 of the Commission's regulations² for a certificate of public convenience and necessity authorizing it to construct and operate a new compressor station and related facilities near Seminole, in Gaines County, Texas (Gaines County Crossover Project). As discussed below, the Commission will grant the requested authorization.

I. Background and Proposal

2. Northern, a corporation organized under the laws of Delaware, is a natural gas company as defined by NGA section 2(6).³ Northern's 14,700-mile pipeline system extends from southwest Texas to the upper peninsula of Michigan.

3. Northern proposes to construct and operate a new compressor station and related facilities at the "X-shaped" intersection of Northern's Spraberry to Plains and Kermit to Beaver 30-inch diameter mainlines in Texas. The proposed 18,089 horsepower (hp) compressor station will consist of two gas-fired turbine compressor units – one 11,152 hp unit and one 6,937 hp unit. The compressor station will compress gas from the Spraberry

¹ 15 U.S.C. § 717(f) (2012).

² 18 C.F.R. Part 157 (2015).

³ 15 U.S.C. § 717a(6) (2012).

to Plains mainline into the Kermit to Beaver mainline. The Gaines County Crossover Project will enable Northern to provide 210,000 dekatherms (Dth) per day of additional firm transportation service to delivery points servicing several natural gas-fired power plants. Northern estimates the cost of the project to be \$40,692,877.

4. Northern held an open season from January 26 through February 2, 2015, to solicit interest for firm transportation service and to identify any support for the construction of facilities to expand firm transportation capacity in the southern portion of Northern's Field Area system.⁴ As a result of the open season, Northern executed a precedent agreement with Golden Spread Electric Cooperative (Golden Spread) for 210,000 Dth per day of firm transportation service for a 14-year term.⁵ This represents all of the transportation capacity associated with the project. Northern also provided its firm customers with existing capacity in the Field Area an opportunity to turn back their capacity, but it received no requests to do so.

5. Northern proposes to use its currently effective rates under Rate Schedule FTX as the initial recourse rate for the firm transportation service to be provided in conjunction with the project. Golden Spread has elected to pay a negotiated rate for its service. Northern also proposes to charge its generally applicable Field Area fuel rate as a fuel charge for natural gas used at the proposed compressor station.

II. Notice and Interventions

6. Notice of Northern's application was published in the *Federal Register* on September 28, 2015.⁶ Atmos Energy Corporation, Atmos Energy Marketing LLC, and NJR Energy Services Company filed timely, unopposed motions to intervene.⁷

⁴ Northern's Field Area system is located in Texas, Oklahoma, New Mexico, and Kansas and provides access to supplies from the Hugoton, Anadarko, Permian, and Rocky Mountain supply basin.

⁵ Golden Spread currently operates electricity generation facilities near Denver City and Abernathy, Texas.

⁶ 80 Fed. Reg. 58,239 (2015).

⁷ Timely, unopposed motions to intervene are granted by operation of Rule 214 of the Commission's Rules of Practice and Procedure. 18 C.F.R. § 385.214 (2015).

III. Discussion

7. Because 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 requirement of subsections (c) and (e) of section 7 of the NGA.⁸

A. Application of the Certificate Policy Statement

8. The Certificate Policy Statement provides guidance for evaluating proposals to certificate new construction.⁹ The Certificate Policy Statement establishes criteria for determining whether there is a need for a proposed project and whether the proposed project will serve the public interest. The Certificate Policy Statement explains that, in deciding whether to authorize the construction of major new pipeline facilities, the Commission balances the public benefits against the potential adverse consequences. 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.

9. Under this policy, the threshold requirement for pipelines proposing new projects is that the pipeline must be prepared to financially support the project without relying on subsidization from its existing customers. The next step is to determine whether the applicant has made efforts to eliminate or minimize any adverse effects the project might have on the applicant's existing customers, existing pipelines in the market and their captive customers, or landowners and communities affected by the construction. If residual adverse effects on these interest groups are identified after 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.

⁸ 15 U.S.C. §§ 717f(c) and (e) (2012).

⁹ *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).

10. The threshold requirement is that the applicant must be prepared to financially support the project without relying on subsidization from its existing customers. Northern proposes to charge its existing rates under Rate Schedule FTX as the initial recourse rate for the expansion service. As discussed in more detail below, an incremental rate based upon the costs of the Gaines County Crossover Project would be less than Northern's applicable existing system rate. Since Northern's incremental rate would be less than its existing system rate, consistent with Commission policy, the Commission will approve the use of Northern's system rate as the initial recourse rate for firm transportation services,¹⁰ ensuring existing customers will not subsidize the proposed expansion.

11. The Commission finds that the proposal will not adversely affect Northern's existing customers because there will be no degradation of service. In addition, other pipelines and their captive customers will not be adversely impacted because the proposal is not intended to replace service on other pipelines. Further, no pipelines or their captive customers have protested the application. Northern owns the 20-acre site where the new compressor station will be located. No property owners have protested the application. Thus, the Commission finds that Northern has designed the project to minimize adverse effects on landowners and surrounding communities.

12. Northern has entered into a 14-year precedent agreement with Golden Spread, which fully subscribed the project. Based on the benefits the Gaines County Crossover Project will provide to Golden Spread, the lack of adverse effects on existing customers, other pipelines and their captive customers, and landowners and surrounding communities, the Commission finds, consistent with the Certificate Policy Statement and section 7 of the NGA, that the public convenience and necessity requires approval of Northern's proposal, subject to the environmental discussion below and other conditions in this order.

B. Rates

1. Initial Recourse Transportation Rates

13. The cost of service for the project is based on the total estimated capital cost of \$40,692,877 and Northern's existing transmission depreciation rate of 1.50 percent and the rate of return approved in Northern's general NGA section 4 rate case settlement in

¹⁰ See, e.g., *Sabine Pass Liquefaction Expansion, LLC*, 151 FERC ¶ 61,012, at PP 34 and 38 (2015); *Columbia Gas Transmission, LLC*, 146 FERC ¶ 61,075, at P 26 (2014)

Docket No. RP04-155-000.¹¹ Northern proposes to use its existing Rate Schedule TFX rates as the initial recourse rates for firm transportation service on the Gaines County Crossover Project. Northern states that its currently effective maximum Rate Schedule TFX reservation charges for its Field Area are \$5.473 per Dth for the summer months (April to October) and \$9.853 per Dth for the winter months (November to March) and the maximum Field commodity charge per 100 miles is \$0.0122 per Dth.¹² For comparison purposes, Northern calculated an incremental monthly reservation charge of \$5.1259 per Dth for the Field Area and a commodity charge of \$0.0062 per Dth.¹³ Since Northern has demonstrated that an incremental rate for this service would be lower than the currently effective rates, the Commission will approve the use of Northern's existing Field Area Rate Schedule TFX rates as the initial recourse rates for services using the new capacity created by the expansion facilities.

14. Northern did not propose a rate for interruptible transportation service associated with the new capacity.¹⁴ Commission policy requires a pipeline to charge its current applicable system interruptible rate for any interruptible service rendered on additional capacity made available as a result of an expansion that is integrated with existing pipeline facilities.¹⁵ Therefore, the Commission directs Northern to utilize its applicable system interruptible transportation rate for service on the proposed project.

2. Fuel Charge

15. Northern proposes to charge customers its generally applicable Field Area fuel rate pursuant to section 53A of the General Terms and Conditions of its FERC NGA Gas Tariff. Northern's tariff provides that its Field Area fuel rate is based upon the actual fuel consumed at field facilities at Mileage Indicator Districts (MIDs) totaled for the

¹¹ *Northern Natural Gas Co.*, 111 FERC ¶ 61,444 (2005).

¹² Northern Natural Gas Company, FERC Gas Tariff, Gas Tariffs, Sheet No. 51, currently effective rates FTX and LFT, 11.0.0 and Northern's November 24, 2015 data response at 2.

¹³ Northern's November 24, 2015 data response at 2.

¹⁴ *Id.*

¹⁵ *Texas Eastern Transmission, LP*, 139 FERC ¶ 61,138, at P 31 (2012); *Gulf South Pipeline Co., LP*, 130 FERC ¶ 61,015, at P 23 (2010); and *Kern River Gas Transmission Co.*, 117 FERC ¶ 61,077, at PP 313-14 and 326 (2006).

12-month period ending December 31, as adjusted for known and measurable changes, and divided by the total throughput applicable on Northern's system, adjusted annually.¹⁶ Northern states that an average of 34 percent of the receipt gas from this project is anticipated to be sourced within Section 1, where the Gaines County Crossover Project and associated power plant are located, and the remaining 66 percent will be sourced in Section 2.¹⁷ Northern states that after the project goes into service, Section 1 annual average fuel usage will decrease and, while Section 2 fuel usage will not appreciably change, the backhaul nature of the incremental project volumes will offset the traditional north flow and result in less overall fuel usage in Section 2.¹⁸ Northern further states that the fuel used at the proposed compressor station will be included in the Section 1 fuel rate in the next Periodic Rate Adjustment filing.

16. Northern's fuel study shows that the average system fuel rate is expected to decline due to increased fuel efficiencies of the pipeline system once the new compressor station is in service.¹⁹ Thus, use of the generally applicable Field Area fuel rate will not result in existing shippers' subsidizing the expansion fuel. Accordingly, because of the projected decrease in fuel consumption and reduction in the fuel rate, the Commission grants Northern's request to charge its generally applicable Field Area fuel rate for the project capacity.

3. Rolled-in Rate Proposal

17. Northern seeks a predetermination that it may roll the costs of the project into its existing system rates in a future NGA section 4 rate case. In support of its request, Northern provides in Exhibit N, Schedule 1, of the application estimated total incremental costs of service and revenues of \$6,446,000 and \$6,639,000 for year one, \$6,202,000 and \$8,299,000 for year two, \$5,979,000 and \$10,182,000 for year three, \$5,775,000 and \$10,182,000 for year four, and \$5,587,000 and \$10,182,000 for year five, respectively.

¹⁶ Northern Natural Gas Company, FERC Gas Tariff, Gas Tariffs, Sheet No. 300, G.T. and C., Periodic Rate Adjustment, 0.0.0.

¹⁷ Northern November 24, 2015 Data Response at 3. Northern has established two Field Area M/L Fuel Recovery Sections. Fuel Section 1 consists of MIDs 1 through 7. Fuel Section 2 consists of MIDs 8 through 16B.

¹⁸ *Id.*

¹⁹ *Id.* at Attachment 2.

18. For purposes of making a determination in a certificate proceeding as to whether it would be appropriate to roll the costs of a project into the pipeline's system rates in a future NGA general section 4 proceeding, the Commission compares the cost of the project to the revenues generated utilizing actual contract volumes and the maximum recourse rate (or the actual negotiated rate, if the negotiated rate is lower than the recourse rate).²⁰ Here, the projected revenues from the negotiated transportation rates are greater than the projected cost of service; thus, it is projected that rolling in the facility costs would result in a system rate reduction. Accordingly, Northern's request for a predetermination of rolled-in rate treatment for project costs and volumes in its next NGA general section 4 rate proceeding is granted, barring a significant change in material circumstances.

19. To ensure that costs are properly allocated between Northern's existing shippers and the incremental services proposed in this proceeding, the Commission will require Northern to keep separate books and accounting of costs attributable to the Gaines County Crossover Project. The books should be maintained with applicable cross-references, as required by section 154.309 of the Commission's regulations.²¹ With such information, the parties and the Commission can evaluate the costs of the project and identify any change in material circumstances that may warrant a re-examination of rolled-in rate treatment in Northern's next NGA general section 4 rate proceeding.²² 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 provided consistent with Order No. 710.²³

²⁰ *Tennessee Gas Pipeline Co., L.L.C.*, 144 FERC ¶ 61,219, at P 22 (2013).

²¹ 18 C.F.R. § 154.309 (2015).

²² The Commission notes that in the first year of service, project revenues will exceed the project cost of service by only \$193,000. Due to the narrow difference between the revenues and the estimated cost of service, and depending on the timing of any future section 4 rate case, cost overruns may constitute a significant change in circumstances warranting a reconsideration of the rolled-in predetermination. See *Transcontinental Gas Pipe Line Corp.*, 127 FERC ¶ 61,122, at P 24 (2009) (The Commission held that a separate accounting is appropriate when there is a "narrow difference" between projected revenues and cost of service.); *Dominion Transmission, Inc.*, 144 FERC ¶ 61,182, at P 20 (2013).

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

4. Negotiated Rates

20. Golden Spread has agreed to pay a negotiated rate. In certificate proceedings, the Commission establishes initial recourse rates, but does not make determinations regarding specific negotiated rates for proposed service.²⁴ Northern must file either its negotiated rate agreement or tariff records setting forth the essential terms of the agreement associated with the project, in accordance with the Alternative Rate Policy Statement²⁵ and the Commission's negotiated rate policies.²⁶ Northern must file either the negotiated rate agreement or tariff records at least 30 days, but not more than 60 days, before the in-service date of the proposed facilities.²⁷

IV. Environmental Analysis

21. On October 22, 2015, the Commission issued a *Notice of Intent to Prepare an Environmental Assessment* (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.

22. In response to the NOI, the Commission received one comment from the Bureau of Indian Affairs recommending consultation with one additional Native American tribe with historic traditions in the area. Northern provided the tribe with project information.

²⁴ *CenterPoint Energy-Mississippi River Transmission Corp.*, 109 FERC ¶ 61,007, at P 19 (2004) and *ANR Pipeline Co.*, 108 FERC ¶ 61,028, at P 21 (2004).

²⁵ *Alternatives to Traditional Cost-of-Service Ratemaking for Natural Gas Pipelines; Regulation of Negotiated Transportation Services of Natural Gas Pipelines*, 74 FERC ¶ 61,076, *order granting clarification*, 74 FERC ¶ 61,194 (1996), *reh'g and clarification denied*, 75FERC ¶ 61,024, *reh'g denied*, 75 FERC ¶ 61,066 (1996).

²⁶ *Natural Gas Pipelines Negotiated Rate Policies and Practices; Modification of Negotiated Rate Policy*, 104 FERC ¶ 61,134 (2003), *order on reh'g and clarification*, 114 FERC ¶ 61,042, *dismissing reh'g and denying clarification*, 114 FERC ¶ 61,304 (2006).

²⁷ Pipelines are required to file any service agreement containing non-conforming provisions and to disclose and identify any transportation term or agreement in a precedent agreement that survives the execution of the service agreement. 18 C.F.R. § 154.112(b) (2015).

No issues of environmental concern were raised by any Native American tribes during the project review.

23. To satisfy the requirements of the National Environmental Policy Act, Commission staff prepared an environmental assessment (EA) for Northern's proposal. The analysis in the EA addresses geology, soils, water resources, wetlands, vegetation, wildlife, threatened and endangered species, land use, recreation, visual resources, cultural resources, air quality, noise, safety, cumulative impacts, and alternatives. The EA was placed in the public record on May 9, 2016.

24. Based on the analysis in the EA, the Commission concludes that if constructed in accordance with Northern's application and supplements, and in compliance with the environmental conditions in the appendix to this order, our approval of this proposal would not constitute a major federal action significantly affecting the quality of the human environment.

25. 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 of facilities approved by this Commission.²⁸

26. At a hearing on June 16, 2016, the Commission on its own motion received and made a part of the record in this proceeding all evidence, including the application, and exhibits thereto, and all comments, and upon consideration of the record,

The Commission Orders:

(A) A certificate of public convenience and necessity is issued to Northern authorizing the construction and operation of the proposed compression facilities, as described and conditioned herein, and as more fully described in the application.

²⁸ See, e.g., *Schneidewind v. ANR Pipeline Co.*, 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); *Iroquois Gas Transmission System, L.P.*, 52 FERC ¶ 61,091 (1990) and 59 FERC ¶ 61,094 (1992).

(B) The facilities authorized herein shall be constructed and made available for service within two years of the issuance date of the order in this proceeding, as required by section 157.20(b) of the Commission's regulations.

(C) The certificate issued herein is conditioned on Northern's compliance with the environmental conditions set forth in the appendix to this order and all of the applicable regulations under the NGA including, but not limited to, Parts 154, 157, and 284, and paragraphs (a), (c), (e), and (f) of section 157.20 of the Commission's regulations.

(D) Prior to commencement of construction, Northern must execute a firm contract for the service and terms equal to those represented in the precedent agreement.

(E) Northern shall file an executed copy of its negotiated rate agreement or a tariff record describing the negotiated rate as part of its tariff disclosing and reflecting all non-conforming language not less than 30 days, and not more than 60 days, prior to the commencement of service.

(F) Northern's request for a predetermination supporting rolled-in rate treatment for project costs in its next general section 4 rate proceeding is granted, barring a significant change in material circumstances.

(G) Northern's existing system rates are approved as the initial rates for service on the project, as discussed in the body of this order.

(H) Northern 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 Northern. Northern shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

Appendix Environmental Conditions

This authorization is subject to the following environmental conditions:

1. Northern shall follow the construction procedures and mitigation measures described in its application and supplements (including responses to staff data request) and as identified in the EA, unless modified by the Order. Northern 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 measures; 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 the Order; and
 - b. the design and implementation of any additional measures deemed necessary (including stop-work authority) to assure continued compliance with the intent of the environmental conditions as well as the avoidance or mitigation of adverse environmental impact resulting from project construction and operation.
3. **Prior to any construction**, Northern shall file an affirmative statement with the Secretary, certified by a senior company official, that all company personnel, Environmental Inspectors (EIs), 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 project site drawings. **As soon as they are available, and before the start of construction**, Northern shall file with the Secretary any revised detailed facility

maps/plot plans at a scale not smaller than 1:6,000 for the facilities approved by the Order. All requests for modifications of environmental conditions of the Order or site-specific clearances must be written and must reference locations designated on these maps/plans.

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

5. Northern shall file with the Secretary detailed 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 the OEP **before construction in or near that area.**

This requirement does not apply to extra workspaces allowed by the Commission'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 resource mitigation measures;
- b. implementation of endangered, threatened, or special concern species mitigation measures;
- c. recommendations by state regulatory authorities; and
- d. agreements with individuals landowners that affect other landowners or could affect sensitive environmental areas.

6. **Within 60 days of the acceptance of this authorization and before construction begins**, Northern shall file an Implementation Plan with the Secretary for review and written approval by the Director of OEP. Northern must file revisions to the plan as schedules change. The plan shall identify:
- a. how Northern would implement the construction procedures and mitigation measures described in its application and supplements (including responses to staff data requests), identified in the EA, and required by the Order;
 - b. how Northern would 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 would ensure that sufficient personnel are available to implement the environmental mitigation;
 - d. company personnel, including EIs and contractors, who would receive copies of the appropriate material;
 - e. the location and dates of the environmental compliance training and instruction Northern would give to all personnel involved with construction and restoration (initial and refresher training as the project progresses and personnel change);
 - f. the company personnel (if known) and specific portion of Northern's organization having responsibility for compliance;
 - g. the procedures (including use of contract penalties) Northern would follow if noncompliance occurs; and
 - h. for each discrete facility, a Gantt or PERT chart (or similar project scheduling diagram), and dates for:
 - (i) the completion of all required surveys and reports;
 - (ii) the environmental compliance training of onsite personnel;
 - (iii) the start of construction; and
 - (iv) the start and completion of restoration.

7. Northern shall employ at least one EI. The EI(s) shall be:
 - a. responsible for monitoring and ensuring compliance with all mitigation measures required by the Order and other grants, permits, certificates, or other authorizing documents;
 - b. responsible for evaluating the construction contractor's implementation of the environmental mitigation measures required in the contract (see condition 6 above) and any other authorizing document;
 - c. empowered to order correction of acts that violate the environmental conditions of the Order, and any other authorizing document;
 - d. responsible for documenting compliance with the environmental conditions of the Order, as well as any environmental conditions/permit requirements imposed by other federal, state, or local agencies; and
 - e. responsible for maintaining status reports.

8. Beginning with the filing of its Implementation Plan, Northern shall file updated status reports with the Secretary on a **monthly basis until all construction and restoration activities are complete**. On request, these status reports would also be provided to other federal and state agencies with permitting responsibilities. Status reports shall include:
 - a. an update on Northern'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 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 the Order, and the measures taken to satisfy their concerns; and
 - g. copies of any correspondence received by Northern from other federal, state, or local permitting agencies concerning instances of noncompliance, and Northern's response.
9. **Prior to receiving written authorization from the Director of OEP to commence construction of any project facilities**, Northern shall file with the Secretary documentation that it has received all applicable authorizations required under federal law (or evidence of waiver thereof).
10. Northern must receive written authorization from the Director of OEP **before placing the new compressor station into service**. Such authorization would only be granted following a determination that rehabilitation and restoration of the areas affected by the project are proceeding satisfactorily.
11. **Within 30 days of placing the authorized facilities in service**, Northern 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 conditions in the Order Northern 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. Northern shall file a noise survey with the Secretary **no later than 60 days** after placing the Gaines County Crossover Compressor Station in service. If a full power load condition noise survey is not possible, Northern shall provide an interim survey at maximum possible horsepower load and provide the full load survey **within six months**. If the noise attributable to the operation of the equipment at the Gaines County Crossover Compressor Station under interim or full horsepower load conditions exceeds a day-night sound level of 55 decibels on the A-weighted scale at any nearby noise sensitive areas, Northern shall file a report on what changes are needed and shall install the additional noise controls to meet the level **within one year** of the in-service date. Northern 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)

CP15-552-000.DOCX.....1-15