

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
Nora Mead Brownell, Joseph T. Kelliher,
and Suedeen G. Kelly.

Gulf South Pipeline Company, LP

Docket No. CP04-366-000

ORDER ISSUING CERTIFICATE

(Issued March 24, 2005)

1. On June 22, 2004, Gulf South Pipeline Company, LP (Gulf South) filed an application for a certificate of public convenience and necessity to construct, own and operate up to three directionally drilled injection and withdrawal storage wells and approximately 2.37 miles of 16-inch storage pipeline, and associated header, at its Jackson Gas Storage Facility (Jackson Storage) located in Rankin County, Mississippi.¹ The Commission finds that Gulf South's proposal is in the public interest because the additional storage capacity at Jackson Storage will enable Gulf South to offset the *force majeure* loss of capacity at its Magnolia Gas Storage Facility (Magnolia Storage) on a permanent basis. It will also provide increased system operational flexibility.

Background

2. Gulf South owns and operates approximately 8,000 miles of pipeline facilities that extend from south Texas through Louisiana, Mississippi, southern Alabama, and western Florida. Gulf South provides open-access transportation and storage services pursuant to section 284 of the Commission's regulations. In addition, Gulf South owns and operates two underground storage facilities, the Bistineau Storage Facility (Bistineau Storage) in northern Louisiana and Jackson Storage in central Mississippi. Gulf South leases Magnolia Storage facility in southern Louisiana.

¹ In a September 20, 2004 data response, Gulf South stated that it intended to decrease the number of wells to be drilled from five to three.

3. Gulf South's Magnolia Storage facility has been subject to a *force majeure* provision since December 2003, causing the loss of all operational capacity at that facility. Gulf South has determined that increasing the capacity at Jackson Storage is the most viable and cost effective way to mitigate the loss of Magnolia Storage. On November 9, 2004, the Commission authorized Gulf South to increase the capacity of Jackson Storage by 2.4 Bcf, on a temporary basis pending approval of this proposal, using existing facilities to move gas from Bistineau Storage to Jackson Storage. The temporary increase in capacity at Jackson Storage will enable Gulf South to more effectively meet the operational demands on the east side of its system for the 2004-2005 winter heating season.²

4. Jackson Storage is located just east of the city of Jackson in south central Mississippi and has been in operation for over 40 years.³ Jackson Storage currently has eight injection and storage wells, nine observation wells, approximately 1.62 miles of 12-inch storage pipeline (north leg), 1.18 miles of 12-inch storage pipeline (south leg), and 2.08 miles of 16-inch storage pipeline, which connects the north and south legs to the Jackson Compressor Station. The Jackson Compressor Station has four compressor units of 2,000 horsepower (hp) each, of which two are dedicated to Jackson Storage.

5. Jackson Storage currently operates with a total overall storage capacity of 5.55 Bcf, including 2.73 Bcf of working gas capacity and 2.82 Bcf of base gas capacity. Jackson Storage currently has a maximum daily injection capacity of 100 MMcf and maximum daily withdrawal capacity of 250 MMcf. Gulf South uses Jackson Storage solely for operational purposes such as balancing its system and supporting deliveries to no-notice (NNS) customers on the east side of the system.⁴ In addition, Gulf South uses only a portion of Magnolia Storage and Bistineau for operational purposes.

² *Gulf South Pipeline Co.*, 109 FERC ¶ 62,080 (2004).

³ *United Gas Pipeline Co.*, 15 F.P.C. 643 (1956).

⁴ Approximately 150 MMcf of Jackson Storage's daily withdrawal capacity currently supports Gulf South's Rate Schedule NNS; however, no NNS customer has title to gas in Jackson Storage or has specific rights in the facility.

Proposal

6. Gulf South requests authority to construct, own, and operate up to three directionally drilled injection and withdrawal storage wells, associated wellhead measurement facilities, appurtenant, and auxiliary facilities, and approximately 2.37 miles of 16-inch storage pipeline, and associated header, to connect the new wells to Gulf South's existing storage pipeline at an estimated cost of \$8,561,251.

7. The new facilities will increase total overall storage capacity of Jackson Storage by approximately 2.4 Bcf on a permanent basis. Of that amount, approximately 1.2 Bcf will be working gas capacity and 1.2 Bcf will be cushion gas. The new facilities will not change the existing current maximum daily injection capacity of 100 MMcf and maximum withdrawal capacity of 250 MMcf, but will increase the number of days that gas may be withdrawn during the peak winter heating season. Gulf South expects that the new Jackson Storage facilities will go into service on or about August 1, 2005.

8. Gulf South states that the new storage capacity will only be used to enhance system operations, including replacing the lost Magnolia Storage capacity, and that it will not offer any of the new storage capacity to the marketplace. Accordingly, Gulf South proposes no changes to its FERC Gas Tariff.

9. Gulf South requests a predetermination for rolled-in rate treatment for the costs of this project since the expansion capacity will be used for operational purposes only and will benefit all customers. Gulf South states that the expansion will not change its rates and that any revisions to the storage component of its rates will be addressed in its next section 4 rate case.

Notice, Interventions, and Comments

10. Public notice of Gulf South's application was published in the *Federal Register* on July 8, 2004, 69 Fed. Reg. 41,242 (2004). Timely, unopposed motions to intervene were filed by the City of Vicksburg, Mississippi; Mobile Gas Service Corporation; Atmos Energy Corporation, Louisiana Division; Willmut Gas Company; CenterPoint Energy Entex; Contractors Material Company, Inc. (Contractors); and United Municipal Distributors Group (UMDG). Timely, unopposed motions to intervene are granted by operation of Rule 214 of the Commission's regulations.⁵

⁵ 18 C.F.R. § 385.214(a)(3)(2004).

11. The City of Flowood, Mississippi (City of Flowood) filed a motion to intervene out-of-time that was later amended. The City of Flowood has demonstrated that it has an interest in this proceeding and that its participation will not delay the proceeding or prejudice the rights of any other party. Accordingly, for good cause shown, we will grant the motion to intervene out-of-time.⁶

12. The City of Flowood also requests that this case be set for hearing to address its concerns about the harmful impact that Gulf South's drilling of the new wells will have on city residents. Section 7 of the NGA provides for a hearing when an applicant seeks a certificate of public convenience and necessity, but does not require that all such hearings be formal, trial-type hearings. An evidentiary, trial-type hearing is necessary only where there are material issues of fact in dispute that cannot be resolved on the basis of the written record.⁷ Because the written record in this case has provided the Commission with a sufficient basis for resolving the material issues in dispute raised by the City of Flowood, we will deny the City of Flowood's request for a hearing.

13. UMDG filed comments concerning Gulf South's request for a predetermination that the costs of the proposed facilities qualify for rolled-in rate treatment.⁸ Rankin County Properties, L.L.C. (Rankin Properties); Dennis H. Perkins Jr., President, Custom Products Corporation (Custom Products) and landowner John G. Shields filed comments regarding the economic effects of the project. We will discuss these comments below.

Discussion

14. On September 15, 1999, the Commission issued a Policy Statement to provide guidance as to how we will evaluate proposals for certificating new construction.⁹ The 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 Policy Statement explains that in deciding whether to authorize the construction of major pipeline facilities, the Commission balances the public benefits against the potential

⁶ 18 C.F.R. §385.214(d)(2004).

⁷ *See Moreau v. FERC*, 982 F.2d 556, 568 (D.C. Cir. 1993).

⁸ UMDG's members are municipal-distributor customers of Gulf South's who receive transportation and storage service under Gulf South's NNS Rate Schedule.

⁹ *Certification of New Interstate Natural Gas Pipeline Facilities (Policy Statement)*, 88 FERC ¶ 61,227(1999); *order clarifying statement of policy*, 90 FERC ¶ 61,128 (2000); *order further clarifying statement of policy*, 92 FERC ¶ 61,094 (2000).

adverse consequences. Our 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.

15. 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 the existing customers. The next step is to determine whether the applicant has made efforts to eliminate or minimize any adverse effects the project might have on the applicant's existing customers, existing pipelines in the market and their captive customers, or landowners and communities affected by the route of a new pipeline. 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 then proceed to complete the environmental analysis where other interests are considered.

16. Gulf South's proposed upgrading of the operational capacity of Jackson Storage will effect a permanent replacement of the capacity lost at Magnolia Storage, providing giving long-term benefits to Gulf South's system and existing customers. Although Gulf South proposes no changes to its current rates, the Policy Statement provides that increasing the rates of existing customers to pay for projects that increase the reliability or flexibility of service for those existing customers is not a subsidy, and that the costs of the project may be rolled in.¹⁰ With the loss of the Magnolia Storage field, it became critical to add operational capacity at Jackson Storage which traditionally has been used for operational purposes, such as balancing the system and supporting deliveries to NNS customers on the east side of Gulf South's system. The increased capacity will also enhance this capability. Therefore, Gulf South may roll in the costs of this project in a future rate case, absent any significant change in circumstances.

17. Although UMDG supports Gulf South's filing, it requests that the Commission clarify that authorizing the Jackson Storage construction does not prejudice or address rate issues that will arise when Gulf South seeks to recover the Jackson Storage expansion costs, or other storage costs, from customers in a future rate case. To the extent UMDG opposes Gulf South's request for pre-approval of rolled-in rate treatment for these facilities, we are not persuaded by their arguments. UMDG has presented no evidence to

¹⁰ 88 FERC ¶ 61,227 at 61,746, n 12.

refute Gulf South's claim that the project is needed for operational reasons. Therefore, consistent with the Policy Statement, we will approve a predetermination of rolled-in rate treatment for the reasons stated above. However, our ruling here does not address the appropriateness of any other storage costs that Gulf South may seek to collect in a future rate case. While this order finds that Gulf South may roll the costs of this project into its system rates absent a significant change in circumstances, UMDG may certainly address any proposed revision to Gulf South's storage rates and all rate issues that arise regarding the costs of the storage supporting firm services in a future rate proceeding.

18. Because Gulf South's project is limited to enhancing the operation of its system, Gulf South's existing customers should benefit and there should be no harm to existing pipelines in the area or their captive customers. The effects on landowners and communities affected by the project should be mitigated since most of the newly constructed facilities will be located within Gulf South's fee property or collocated with existing utility, road and rail spur easements. Rankin Properties states that proposed pipeline route traversing its property will decrease the value of the land that it plans to develop and suggests that an existing gas line easement running parallel to a rail line should be used instead. To mitigate the impact of the proposed route on the land being developed by Rankin Properties, the Commission is imposing the requirement that Gulf South place the proposed pipeline about 5 feet within an existing electric powerline easement.¹¹ Custom Products states that construction of Gulf South's alternate route proposal would disrupt business at its plant causing the loss of many thousands of dollars daily. Custom Products' concern regarding possible economic harm to its business is also resolved for the reason that Gulf South's alternate route proposal has not been adopted. Mr. Shields states that he has not been compensated for gas that is being stored underground on two pieces of his property. The Commission has no jurisdiction to address the private contractual claims that Mr. Shields may wish to pursue regarding the rents that may be due for the use of his property. Thus, while there may be some impact and disturbance to existing landowners, some of this adverse impact will be mitigated by constructing the new facilities in existing rights-of-way.

19. The Commission finds, as discussed below, that the environmental impacts of this project have been mitigated to make this project acceptable. Because we find that the benefits of the proposed project outweigh any adverse impacts, the Commission finds that Gulf South's project is required by the public convenience and necessity.

¹¹ Environmental Condition No. 7 of the attached Appendix.

Environmental Analysis

20. On August 3, 2004, we issued a Notice Of Intent To Prepare an Environmental Assessment For the Proposed Jackson Gas Storage Expansion Project (NOI). We received comments on the NOI from the City of Flowood; Rankin Properties, Custom Products, and John G. Shields; and Adams & Edens, Attorneys at Law, who filed comments in opposition from eight residents consisting of Deron R. Harmon, Clara June Crosby, Laverne E. Lynn, Yvonne Caston, Dorothy Hicks, Claudia R. Smith, Adrian Taylor, and Cutis Hicks; the U.S. Department of the Interior, Fish and Wildlife Service, Jackson, Mississippi Field Office, and our staff addressed all substantive comments in the environmental assessment (EA).

21. Our staff prepared an EA for Gulf South's proposal. The EA addresses geology and soils; water resources and wetlands; vegetation, wildlife, and fisheries; endangered and threatened species; land use; cultural resources; air quality and noise; and alternatives. We received comments on the EA from Gulf South, the City of Flowood, Mississippi (Flowood), and Stephen F. Davidson, M.D., representing Rankin County Parkway Properties, all of which are addressed below.

Gulf South's Comments

22. Gulf South provided comments on environmental recommendation 7 which states: "[t]o mitigate impacts on Rankin County Parkway Properties, L.L.C.'s planned development, Gulf South shall place the proposed pipeline about 5 feet within the existing electric powerline easement between approximately MP 0.79 and MP 1.14."

23. Gulf South states that the construction, operation, and maintenance parameters of the project will not permit the movement of the centerline of the pipeline approximately 10 feet to the east as envisioned by proposed environmental recommendation 7.

24. Gulf South states it designed the proposed route to utilize the existing electric easement to the maximum extent possible. The electric facilities at this location are energized with 115,000 volts and contact with or close proximity to them can cause injury or death. Gulf South's agreement with the holder of the easement, Entergy Mississippi, Inc. (Entergy), limits Gulf South's activities on the easement to temporary workspace only and no closer than 10 feet from the existing electric line towers. As a result, Gulf South has designated the east side of the construction right-of-way as the non-working side of the right-of-way. In addition to the 10 feet of distance from the electric towers, Gulf South has determined that it will need 20 feet on the east side for spoil placement. Further, Gulf South does not want to place a working ditchline on the easement. The ditch width will be approximately 10 feet and the centerline at 5 feet.

Adding these construction widths, the resulting distance the centerline must be from the electric towers is 35 feet as proposed by Gulf South in its application and as shown on in Figure 6 “Typical section M.P. 0.55 – M.P. 1.92” of Appendix B to the EA.

25. Gulf South further states if the pipeline centerline is placed 10 feet to the east, these construction design widths would be compressed by 10 feet. Gulf South states that it would not have enough room to place the anticipated volume of spoil on the east side. Ditch spoil would then be placed on the working side (west side) of the construction right-of-way and compacted to provide a working surface. Gulf South asserts this would compromise the environmental protection measures and revegetation programs designed into the project given the nature of the area to be cleared on the west side, create unnecessary construction complexities for the project, and compromise the constructability and safety of the project.

26. Gulf South also states that, as proposed, environmental recommendation 7 would not allow for a continuous pipe string in case inclement weather requires Gulf South to construct the pipeline from M.P. 0.55 to M.P. 1.92 using the push/float lay construction method as outlined in its Application, Resource Report 10. Gulf South asserts that the offset in the pipeline which would be caused by the movement of the centerline between approximately MP 0.79 and MP 1.14 would make the push/float method impossible since the method requires long straight stretches of right-of-way to be practical and effective. According to Gulf South, a 5-foot offset in the middle of the lay would eliminate this construction option.

27. Gulf South states that long-term placement of the pipeline inside the existing easement does not benefit either Gulf South or Entergy. Gulf South states that Entergy has expressed a desire to have its easement unencumbered for future expansion. Should Entergy wish to utilize the western 10 feet of its easement, Gulf South may be required to relocate its pipeline, causing further environmental harm. This would require a second construction project to relocate the pipeline off of Entergy’s easement from M.P. 0.79 to M.P. 1.14. Gulf South states that it would locate the pipeline where it is currently proposed, 5 feet to the west of the existing easement boundary.

28. Finally, Gulf South states that each time it needs to access its pipeline for operations and maintenance activities, it would need to seek the permission of Entergy for access to the property which is not the case with Gulf South’s original proposal.

29. Based on the reasons Gulf South discussed above, we agree with Gulf South that environmental recommendation 7 of the EA which requires Gulf South to place the pipeline 5 feet within the electric powerline easement should not be imposed. Therefore, we have deleted that recommendation in this order and renumbered the conditions in the Appendix.

Flowood's Comments

30. Flowood favors the Alternative Pipeline Route described in the EA rather than the Proposed Route. Flowood states that Table 8 of the EA, (page 26), Environmental Impact and Physical Comparison of Pipeline Route Alternatives, clearly favors the Alternative Pipeline Route (which would be adjacent to an existing Gulf South pipeline) over the Proposed Pipeline Route. Notably, the Alternative Route is significantly shorter and would create less new right-of-way, impact wetlands less, avoid a planned development, and cost approximately \$50,000 less.

31. We note that Gulf South's revised construction estimate for the Alternative Pipeline Route is \$500,000 more than the Proposed Route. This was inadvertently not changed in Table 8. Although the EA indicates that Gulf South's Proposed Route would involve slightly more forested wetland clearing than the Alternative Route (1.95 acres versus 1.05 acres), it would involve much less clearing of forested upland habitat (13.10 acres versus 16.74 acres); and less total construction area (19.27 acres versus 22.58 acres).

32. Flowood indicates that the EA states at page 30 that the "Alternative Pipeline Route". . . would significantly disrupt existing residences. . . ," and "[t]he first mile of the Alternative Pipeline Route is lined with residences within 200 to 1,000 feet of the proposed pipeline right-of-way." However, Flowood states, the existing railroad would act as a buffer between the Alternative Route right-of-way and the residences along the right-of-way. We agree.

33. Flowood states the possible impacts of the Alternative Pipeline Route on existing businesses that utilize Custom Road and Payne Drive were greatly exaggerated, especially the possible \$150,000 per week impact on Custom Products. Flowood believes the directional boring that would be required for Gulf South to construct a pipeline along the Alternative Route would significantly reduce the impact to the businesses on Custom Road and Payne Drive.

34. The impact estimate of \$150,000 per week was filed by Custom Products, one of the existing businesses. However, there is only one entrance to Custom Products and its parking area which would be affected by directional drilling activities through this area.

35. The EA states that "[t]he Proposed Route would require far less disruption to vehicular traffic, utilizing one roadway, Flowood Drive, at the south end to access the construction area." Flowood does not dispute this, however it points out that to access the Proposed Route's construction area, Gulf South presumably contemplates using a city-maintained gravel road to access a metering station. Flowood contends that this gravel road is built on a sewer line that could be damaged by construction traffic and the pipeline construction itself. Flowood also states that the gravel road has a timber bridge

that is insufficient to support pipeline construction equipment. Flowood indicates the EA states that construction along Gulf South's existing gas pipelines would involve "risky construction techniques" and "pose additional public safety issues." On the other hand, Flowood states, pipeline construction under/near existing power lines, as contemplated by the Proposed Route, would certainly do the same.

36. It is true that Gulf South would need to further evaluate use of the above-referenced bridge and make necessary modifications. It might also be necessary to upgrade the gravel road before construction. However, we do not believe use of the Proposed Route poses additional safety issues.

37. Flowood disagrees that the crossing of Flowood Drive along the Proposed Route would be "significantly easier" than along the Alternative Route. Both would require directional boring, which would have little effect on traffic patterns on Flowood Drive. Flowood misses the point. While the road would be bored in either case, the elevation of the road would significantly impede access to the right-of-way as discussed on page 31 of the EA.

38. Flowood also indicates the EA discusses the Alternative Route's impacts on sewer lines and other gas lines. Flowood states this justification is disingenuous as construction along either the Alternative Route or the Proposed Route would require crossing sewer lines, other gas lines, and other utility lines. Flowood states that construction along the Proposed Route would impact a sewer line along the city's metering station access road. We note that the Alternative Route would cross land that is more commercially developed than the proposed route and would likely cross more utility lines.

Comments of Stephen F. Davidson, M.D. representing Rankin County Parkway Properties

39. Dr. Davidson states that the area of the Jackson storage field is not rural. It lies within an area of intense economic development (the Airport Parkway, new construction of Mississippi highways 468 and 477, the Bass Pro Shop, and Braves baseball stadium) and is heavily encumbered by a large number of utility easement, primarily gas. Further, easement development, when at all feasible, should utilize the existing easements.

40. We note that Gulf South's proposed route mostly parallels Entergy's electric powerline right-of-way.

41. Dr Davidson states that the direct comparison of the routes reflected in Table 8 of the EA does not support the conclusions drawn by FERC that the Proposed Route is clearly superior. He also believes that the one impacted business on the Alternative Route should experience little impact if the pipeline is installed by directional bore.

42. With respect to Table 8, of the EA, see the response to Flowood's comments above and impacts discussed in Table 9 of the EA. We do not believe the Proposed Route would have much impact on future development. Concerning impacts to businesses along the Alternative Route, the EA notes that Custom Products and Wastewater Products Company would be impacted. As confirmed by our staff's August 17, 2004 field trip, because of limited workspace, Gulf South would have to directionally drill beneath this area, and to avoid placement of the pipeline beneath the building, a compound curving of the drilling would be required. This would result in greater construction costs, time, and increased temporary work space. We note that Gulf South's revised cost estimate on page 32 of the EA indicates the Alternative Route would cost \$500,000 more than the Proposed Route, and would disrupt access to Custom Products and Wastewater Products Company. We do not believe any further review or an additional field inspection, as requested by Dr. Davidson, is necessary for this project.

43. Commenting parties also expressed safety concerns. The Department of Transportation (DOT) is solely responsible for establishing criteria and requirements for the safety of natural gas pipeline facilities. DOT sets standards for the design, construction, inspection, and operation of natural gas pipelines in accordance with the Natural Gas Pipeline Safety Act of 1968. DOT's safety standards specify material selection and qualification, minimum design requirements, and protection from internal, external, and atmospheric corrosion. Any applicant for a certificate from the Commission is required to verify that the proposed facilities would meet DOT safety standards.

44. Based on the discussion in the EA, we conclude that if constructed and operated in accordance with Gulf South's application and supplements, approval of this proposal would not constitute a major federal action significantly affecting the quality of the human environment. In addition, we have added standard environmental conditions 9 through 12 in the Appendix that were omitted in the EA. These conditions require Gulf South to file an Implementation Plan, employ an environmental inspector, file updated status reports, and file an affirmative statement certifying compliance with all conditions.

45. 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.¹² Gulf South shall notify the Commission's environmental

¹²See, e.g., *Schneidewind v. ANR Pipeline Co.*, 485 U.S. 293 (1988); *National Fuel Gas Supply v. Public Service Commission*, 894 F.2d 571 (2d Cir. 1990); and

staff by telephone or facsimile of any environmental noncompliance identified by other federal, state, or local agencies on the same day that such agency notifies Gulf South. Gulf South shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

Conclusion

46. For the reasons discussed above, the Commission finds that Gulf South's Jackson Storage project is required by the public convenience and necessity and that a certificate authorizing the construction and operation of up to three injection/withdrawal wells and associated pipeline at Jackson Storage should be issued, subject to the conditions discussed herein.

47. At a hearing held on March 22, 2005, the Commission, on its own motion, received and made a part of the record all evidence, including the application, and exhibits thereto, submitted in this proceeding, and upon consideration of the record,

The Commission orders:

(A) A certificate of public convenience and necessity is issued authorizing Gulf South to expand the Jackson Storage facility, as described more fully in the application and the body of this order.

(B) The certificate authorized in Ordering Paragraph (A) above is conditioned upon Gulf South's compliance with all applicable Commission regulations under the NGA, particularly paragraphs (a), (c), (e) and (f) of section 157.20 of such regulations.

(C) Gulf South shall complete construction of the proposed facilities and make them available for service within 12 months from the date that this order issues in accordance with section 157.20(b) of the Commission's regulations.

(D) Gulf South's request for rolled-in rate treatment is granted, absent any significant change in circumstances at the time Gulf South makes its next NGA section 4 rate filing, in accordance with the discussion in this order.

(E) The maximum inventory of natural gas stored in the Jackson Storage field shall not exceed 7,950 MMcf at 14.73 psia and 60 degrees Fahrenheit and the maximum stabilized shut-in wellhead pressure shall not exceed 950 psig, without prior authorization of the Commission.

(F) Gulf South shall file semiannual reports in accordance with section 157.214(c) of the Commission's regulations. Gulf South shall continue to file these reports until one year after the storage inventory volumes has reached or closely approximates the maximum inventory defined in Ordering Paragraph (E).

(G) The certificate issued in Ordering Paragraph (A) is conditioned upon Gulf South's compliance with the environmental conditions set forth in the Appendix to this order. Gulf South shall notify the Commission's environmental staff by telephone or facsimile of any environmental noncompliance identified by other federal, state, or local agencies on the same day that such agency notifies Gulf South. Gulf South shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

(H) The City of Flowood's motion to intervene out-of-time is granted.

(I) The City of Flowood's request for a hearing is denied.

By the Commission.

(S E A L)

Linda Mitry,
Deputy Secretary.

APPENDIX

Gulf South Pipeline Co., LP
Docket No. CP04-366-000
Environmental Conditions

1. Gulf South shall follow the construction procedures and mitigation measures described in its application and supplements (including responses to staff data requests) and as identified in the EA, unless modified by this Order. Gulf South 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 delegation 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 impact resulting from project construction and operation.
3. Prior to any construction, Gulf South shall file an affirmative statement with the Secretary, certified by a senior company official, that all company personnel, Environmental Inspector (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. As soon as they are available, and before the start of construction, Gulf South 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.

5. Gulf South 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, non-commercial areas used for construction material, 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 minor field realignments per landowner needs and requirements that do not affect other landowners or sensitive environmental areas.

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

- a. implementation of cultural resources mitigation measures;
 - b. implementation of endangered, threatened, or special-status 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. Gulf South must receive written authorization from the Director of OEP before commencing service from the project. Such authorization will only be granted following a determination that rehabilitation and restoration of the right-of-way is proceeding satisfactorily.
 7. Gulf South shall develop and implement an environmental complaint resolution procedure. The procedure shall provide landowners with clear and simple directions for identifying and resolving their environmental mitigation problems/concerns during construction of the project and restoration of the ROW.

Prior to construction, Gulf South shall mail the complaint procedures to each landowner whose property would be crossed by the project.

- a. In its letter to affected landowners, Gulf South shall:
 - i. provide a local contact that the landowners should call first with their concerns; the letter should indicate how soon a landowner should expect a response;
 - ii. instruct the landowners that, if they are not satisfied with the response, they should call Gulf South's Hotline; the letter should indicate how soon to expect a response; and
 - iii. instruct the landowners that, if they are still not satisfied with the response from Gulf South's Hotline, they should contact the Commission's Enforcement Hotline at (877) 337-2664.
 - b. In addition, Gulf South shall include in its bi-weekly status report a copy of a table that contains the following information for each problem/concern:
 - i. the date of the call;
 - ii. the identification number from the certificated alignment sheets of the affected property;
 - iii. the description of the problem/concern; and an explanation of how and when the problem was resolved, would be resolved, or why it has not been resolved.
8. If Gulf South receives complaints on well abandonment or well drilling noise, Gulf South should install temporary noise barriers between the well abandonment equipment or drilling rig and the residence(s) or use other means to mitigate noise near residences during well abandonment and well drilling activities.
9. **Within 60 days of the acceptance of this certificate and before construction begins**, Gulf South shall file an Implementation Plan with the Secretary for review and written approval by the Director of OEP describing how Gulf South would implement the mitigation measures required by this Order. Gulf South must file revisions to the plan as schedules change. The plan shall identify:
- a. how Gulf South 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;

- b. the number of environmental inspectors assigned per project, and how the company would ensure that sufficient personnel are available to implement the environmental mitigation;
 - c. company personnel, including environmental inspectors and contractors, who would receive copies of the appropriate material;
 - d. the training and instructions Gulf South would give to all personnel involved with construction and restoration (initial and refresher training as the project progresses and personnel change);
 - e. the company personnel (if known) and specific portion of Gulf South's organization having responsibility for compliance;
 - f. the procedures (including use of contract penalties) Gulf South would follow if noncompliance occurs; and
 - g. 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 mitigation training of onsite personnel;
 - iii. the start of construction; and
 - iv. the start and completion of restoration.
10. Gulf South shall employ at least one (or as may be established by the Director of OEP) environmental inspector for the project. The environmental inspector 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.
11. Gulf South shall file updated status reports prepared by the head environmental inspector with the Secretary on a biweekly basis until all construction and restoration activities are complete. On request, these status reports would also be

provided to other and state agencies with permitting responsibilities. Status reports shall include:

- a. the current 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;
 - b. a listing of all problems encountered and each instance of noncompliance observed by the environmental inspector(s) during the reporting period (both for the conditions imposed by the Commission and any environmental conditions/permit requirements imposed by other federal, state, or local agencies);
 - c. corrective actions implemented in response to all instances of noncompliance, and their cost;
 - d. the effectiveness of all corrective actions implemented;
 - e. 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 copies of any correspondence received by Gulf South from other federal, state or local permitting agencies concerning instances of noncompliance and Gulf South's response.
12. Within 30 days of placing the certificated facilities in service, Gulf South shall file an affirmative statement with the Secretary, certified by a senior company official:
- a. that the facilities have been (constructed/abandoned/installed) in compliance with all applicable conditions, and that continuing activities would be consistent with all applicable conditions;
 - b. identifying which of the certificate conditions Gulf South has complied with or would comply with. This statement shall also identify any areas affected by the project where compliance measures were not properly implemented, if not previously identified in filed status reports, and the reason for noncompliance.