

UNITED STATES OF AMERICA 103 FERC ¶ 62,012
FEDERAL ENERGY REGULATORY COMMISSION

Panhandle Eastern Pipe Line Company

Docket No. CP03-27-000

ORDER GRANTING ABANDONMENT

(April 9, 2003)

On December 16, 2002, Panhandle Eastern Pipe Line Company (Panhandle) filed an application under Section 7(b) of the Natural Gas Act (NGA) for authority to abandon several obsolete compressor units and appurtenant facilities at compressor stations in Kansas, Missouri, Illinois, and Indiana. Because the facilities are no longer needed to meet Panhandle's contractual obligations, the requested authorization is required by the public convenience and necessity and is granted herein.

Proposal/Discussion:

Panhandle requests authority to abandon, in place, a total of 59 compressor units at 13 compressor stations in its field and market areas.¹ Panhandle states that the compressor units are obsolete, inoperable, and are not needed to meet its customers' service requirements. Most of the units for which abandonment authority is requested were installed in the 1930s and 1940s and replacement parts are not available for repair and maintenance and cannot be economically automated. Also, Panhandle states that the decline of the Hugoton and Anadarko Basins has led to increased reliance on Canadian supplies and market area storage. For these reasons the compressor units have not been utilized in recent years. Panhandle states that the net book value of the facilities is \$93,148 and the retirement cost is \$56,400.

¹Panhandle's transmission system extends from sources of supply in the states of Texas, Kansas, and Oklahoma, through Missouri, Illinois, Indiana, and Ohio, to its northern termini in Michigan and at the International Boundary between the United States and Canada. Panhandle also has access to South Texas, Louisiana, and Gulf of Mexico supply sources through its interconnect with CMS Trunkline Gas Company, LLC (Trunkline) at Tuscola, Illinois.

Specifically, Panhandle requests authority to abandon:

- (1) One 1,100 horsepower (HP) compressor unit (Unit #355) installed in 1960 pursuant to Commission authorization in Docket No. CP61-35 at the Satanta Compressor Station in Haskell County, Kansas. Following abandonment there will be ten active reciprocating compressor units remaining with a total station horsepower of 8,177 HP.
- (2) Eight 1,500 HP horizontal compressor units (Unit #s 301-307 and 311) totaling 12,000 HP installed between 1930 and 1943 pursuant to Commission authorizations in Docket Nos. G-254 and G-459 at the Liberal Compressor Station in Seward County, Kansas. Following abandonment there will be nine active reciprocating units remaining with a total station horsepower of 20,150 HP.²
- (3) One 1,800 HP horizontal compressor unit (Unit #403) installed in 1936 pursuant to Commission authorization in Docket G-254 at the Greensburg Compressor Station in Kiowa County, Kansas. Following abandonment there will be fourteen active reciprocating compressor units remaining with a total station horsepower of 26,400 HP.
- (4) One 1,800 HP horizontal compressor unit (Unit #501) installed in 1936 pursuant to Commission authorization in Docket No. G-254 at the Haven Compressor Station in Reno County, Kansas. Following abandonment there will be seventeen active reciprocating compressor units remaining with a total station horsepower of 38,200 HP.³

²In its March 14, 2003 response (March 14 response) to staff's March 4, 2003 data request Panhandle states that the certificated horsepower for the remaining units is 20,900 HP. However, three of the units remaining at the station no longer are capable of operating at their certificated levels. Specifically, three units installed in 1937 each with a certificated horsepower of 1,500 HP are now only capable of operating at 1,250 HP each thus reducing the remaining available station horsepower to 20,150 HP.

³In its March 14 response Panhandle states that the certificated horsepower for the remaining units is 37,400 HP. However, two nominal 3,000 HP compressor units installed in 1963 pursuant to Commission authorization in Docket No. CP60-60 were re-rated by the manufacturer to 3,400 horsepower. Thus, the remaining available station horsepower will be 38,200 HP.

- (5) Ten 800 HP vertical compressor units totaling 8,000 HP (Unit #s 601-610) installed between 1943 and 1946 pursuant to Commission authorization in Docket Nos. G-459, G-620, and G-706A at the Olpe Compressor Station in Lyon County, Kansas. Following abandonment there will be fourteen active reciprocating compressor units remaining with a total station horsepower of 39,810 HP.⁴
- (6) Four 1,000 HP vertical compressor units totaling 4,000 HP (Unit #s 710-713) installed in 1945 pursuant to Commission authorization in Docket No. G-620 at the Louisbourg Compressor Station in Miami County, Kansas. Following abandonment there will be eleven active reciprocating compressor units remaining with a total station horsepower of 33,280 HP.⁵
- (7) Four 1,800 HP horizontal compressor units totaling 7,200 HP (Unit #s 807-810) installed between 1936 and 1945 pursuant to Commission authorization in Docket No. G-620 at the Houstonia Compressor Station in Pettis County, Missouri. Following abandonment there will be eleven active compressor units remaining with a total station horsepower of 35,760 HP.⁶

⁴In its March 14 response Panhandle states that the certificated horsepower for the remaining units is 39,150 HP. However, Panhandle installed a 1,760 HP compressor unit in 1951 in lieu of the 1,600 HP unit authorized by the Commission in Docket No. G-876. Similarly, Panhandle installed a 5,500 HP compressor unit in 1962 in lieu of the 5,000 HP unit authorized by the Commission in Docket No. CP60-60. Thus the remaining available station horsepower will be 39,810 HP.

⁵In its March 14 response Panhandle states that the certificated horsepower for the remaining units is 33,250 HP. However, three 1,000 HP units installed between 1945 and 1950 were re-rated to 1,100 HP each in the early 1950s. Also, two 3,000 HP units installed in 1962 per Commission authorization in Docket No. CP60-60 were re-rated by the manufacturer to 3,400 HP each. Finally, three 3,200 HP units and one 4,000 HP unit were retired from other locations per Commission authorization in Docket No. CP86-278. However, when installed at the Louisbourg Compressor Station the horsepower rating of the 3,200 HP units was limited to 2,950 HP each and the horsepower rating of the 4,000 HP unit was limited to 3,680 HP. Thus the remaining available station horsepower is 33,280 HP.

⁶In its March 14 response Panhandle states that the certificated horsepower for the
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- (8) Six 800 HP vertical compressor units totaling 4,800 HP (Unit #s 907-912) installed between 1943 and 1945 pursuant to Commission authorization in Docket Nos. G-455 and G-620 at the Centralia Compressor Station in Boone County, Missouri. Following abandonment there will be twelve active reciprocating compressor units remaining with a total station horsepower of 29,800 HP.⁷
- (9) Six 800 HP compressor units totaling 4,800 HP (Unit #s 1007-1012) installed between 1943 and 1945 pursuant to Commission authorization in Docket Nos. G-455 and G-620 at the Pleasant Hill Compressor Station in Pike County, Illinois. Following abandonment there will be seven active compressor units remaining with a total station horsepower of 25,896.⁸
- (10) Eight vertical and horizontal compressor units totaling 9,100 HP (Unit #s 1201-1207 and 1210) installed between 1937 and 1949 pursuant to Commission authorization in Docket Nos. G-254, G-455, and G-876 at the Tuscola Compressor Station in Douglas County, Illinois. Following abandonment there will be eleven active compressor units remaining with a total station horsepower of 26,800 HP.⁹

⁶(...continued)

remaining units is 35,400 HP. However, in 1988 Panhandle installed four new units pursuant to section 2.55(b) of the Commission's regulations to replace six horizontal units of approximately the same horsepower. Also, two 3,000 HP units installed in 1962 pursuant Docket No. CP60-60 were re-rated to 3,400 HP each and a 10,000 HP unit was derated to 9,100 HP in 1968 at the manufacturer's direction. As a result of these changes the remaining station horsepower will be 35,760 HP.

⁷In its March 14 response Panhandle states that the certificated horsepower for the remaining units is 29,400. However, one 3,000 HP unit installed in 1962 pursuant to Commission authorization in Docket No. CP60-60 was re-rated by the manufacturer to 3,400 HP. Thus the remaining available station horsepower will be 29,800 HP.

⁸In its March 14 response Panhandle states that the certificated horsepower for the remaining units is 25,496 HP. However, one 3,000 HP unit installed in 1963 pursuant to Commission authorization in Docket No. CP60-60 was re-rated by the manufacturer to 3,400 HP. Thus the remaining available station horsepower will be 25,896.

⁹In its March 14 response Panhandle states that the certificated horsepower for the
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- (11) Two horizontal compressor units totaling 2,600 HP (Unit #s 1301 and 1304) installed in 1936 pursuant to Commission authorization in Docket No. G-452 at the Montezuma Compressor Station in Parke County, Indiana. Following abandonment there will be fourteen active compressor units remaining with a total station horsepower of 36,100 HP
- (12) Two vertical compressor units and five horizontal compressor units totaling 9,700 HP (Unit #s 1401-1407) installed between 1937 and 1946 pursuant to Commission authorization in Docket Nos. G-452 and G-620 at the Zionsville Compressor Station in Marion County, Indiana. Following abandonment there will be eight active compressor units remaining with a total station horsepower of 26,950 HP.¹⁰
- (13) One 1,300 HP reciprocating compressor unit (Unit #1505) installed in 1941 pursuant to Commission authorization in Docket No. G-452 at the Edgerton Compressor Station in Allen County, Indiana. Following abandonment there will be twelve active compressor units remaining with a total station horsepower of 22,400 HP.

Interventions:

After due notice by publication in the Federal Register on January 22, 2003, (68 Fed. Reg. 3020), Ameren Energy Generating Company, Central Illinois Public Service Company, The Missouri Public Service Commission (MoPSC), The Peoples Gas Light and Coke Company, and Union Electric Company dba AmerenUE filed timely unopposed motions to intervene.¹¹ MoPSC provided comments in its intervention. Michigan Consolidated Gas Company (MichCon) and ProLiance Energy, LLC

⁹(...continued)

remaining units is 26,400 HP. However, two 2,500 HP units installed in 1963 pursuant to Commission authorization in Docket No. CP60-60 were re-rated by the manufacturer to 2,700 HP each. Thus, the remaining available station horsepower will be 26,800 HP.

¹⁰In its March 14 response Panhandle states that the certificated horsepower for the remaining units is 27,850. However, one 10,000 HP unit installed in 1971 pursuant to Commission authorization in Docket No. CP70-13 was de-rated by the manufacturer to 9,100 HP because of vibration problems. Thus the remaining available station horsepower will be 26,950 HP.

¹¹ Timely motions to intervene are granted pursuant to 18 CFR § 385.214.

(ProLiance) intervened out of time. Granting the late filed motions will not delay, disrupt, place an additional burden on existing parties, or otherwise prejudice these proceedings. Therefore, for good cause shown, the late-filed motions to intervene are granted, in accordance with Rule 214 of our Rules of Practice and Procedure.

In its intervention, MoPSC points out that there are discrepancies between the horsepower totals at several of the compressor reported in Exhibit V of Panhandle's application and Panhandle's FERC Form 2 data. MoPSC requests that Panhandle be required to clarify these discrepancies. Also, MoPSC is concerned that Panhandle may be removing too many compressor units from the Pleasant Hill Compressor Station. MoPSC states that it reviewed the peak day compressor use at each of Panhandle's compressor stations as reported in Panhandle's 2000 and 2001 FERC Form 2s. MoPSC states that its review of Panhandle's 2000 FERC Form 2 found that Panhandle utilized eleven compressor units at the Pleasant Hill Compressor Station to meet peak day demand. However, if the abandonment is approved there will only be seven compressor units remaining at the station. MoPSC requests that Panhandle be required to explain how it intends to meet future peak day demands at the Pleasant Hill Compressor Station if the abandonment is approved.

Findings:

At a hearing held on the date noted above, there was received and made a part of the record in this proceeding all evidence, including the application and exhibits thereto, submitted in support of the authorization sought herein.

Panhandle proposes to abandon the compressor units in place. Thus, there will be no excavations required. The compressor units would be disconnected from all above ground gas service piping within the compressor buildings. Therefore, there will be no impact on land use, wetlands, fisheries, threatened and endangered species, soils, and water resources. The abandonment of the compressor units would improve air quality and reduce noise in the vicinity of the affected compressor stations.

Panhandle has proposed abandonment of facilities which are more than 50 years old. Some of these units are part of facilities in the Hugoton Gas Field which played a significant role in the initial development of natural gas as an industrial scale energy source. They are probably part of historically significant facilities representing the early developmental stages of the United States natural gas industry. However, the proposed abandonment specifically applies to equipment inside compressor station buildings. The buildings would continue to be maintained parts of Panhandle's operating system. Accordingly, the actions proposed under this application would not constitute an effect to

any historic properties (National Register of Historic Places eligible entities). Panhandle filed letters from the Kansas, Missouri, and Illinois State Historic Preservation Officer's (SHPO) concurring that no historic properties would be affected in their states by the proposed action. Since consultation with the Indiana SHPO is ongoing, the abandonment of the facilities at the Montezuma, Zionsville, and Edgerton Compressor Stations in Indiana is conditioned upon Panhandle filing the Indiana SHPO's comments with the Secretary of the Commission and the Director of the Office of Energy Projects (OEP) notifying Panhandle in writing that it may proceed.

Because the compressor units are obsolete, inoperable, and are not needed to meet its customers' service requirements, Panhandle's proposal is required by the public convenience and necessity. As explained by Panhandle in its March 14 response, the horsepower reported in its FERC Form 2 reflects the horsepower certificated at its compressor stations. The actual horsepower at the station varies from the certificated level at these compressor stations for many reasons including installation of slightly different sized units from those authorized, up-ratings and de-ratings.¹² Further, in its March 14 response Panhandle explained that there will be sufficient horsepower at the Pleasant Hill Compressor Station to maintain peak day deliveries. Panhandle required 17,900 HP and 16,800 respectively, in 2000 and 2001 to meet its peak day requirements. After the abandonment there will be 25,896 HP at the Pleasant Hill Compressor Station.

This action is taken under 18 CFR §375.308, and it is ordered that:

- (A) Permission for and approval of the abandonment by Panhandle of the subject facilities, as described above and in the application, are granted, subject to compliance with Part 154 of the Regulations.
- (B) Abandonment of the facilities at the Montezuma, Zionsville, and Edgerton Compressor Stations in Indiana shall not commence until Panhandle files the Indiana SHPO's comments with the Secretary of the Commission and the Director of the OEP notifies Panhandle in writing that it may proceed.
- (C) Panhandle shall notify the Commission of the effective date of the abandonment authorized in paragraph (A) above within 10 days thereof.
- (D) MichCon's and ProLiance's motions to intervene out of time are granted.

¹²See the Proposal/Discussion section of this order for a more detailed breakdown of the compression at each compressor station.

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- (E) This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order pursuant to 18 CFR §385.713.

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Division of Pipeline Certificates
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