

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION
103 FERC ¶ 62,056

Colorado Interstate Gas Company

Docket No. CP03-
52-000

ORDER ISSUING CERTIFICATE

(April 29, 2003)

On February 19, 2003, Colorado Interstate Gas Company (CIG) filed an application under Section 7(c) of the Natural Gas Act (NGA) for authority to construct and operate additional storage field compression facilities at its Fort Morgan Storage Field in Morgan County, Colorado. Because the additional compression will provide greater flexibility for CIG's existing customers by enhancing the end-of-season injection capability of the Fort Morgan Storage Field, the requested authorization is required by the public convenience and necessity and is granted herein. Further, CIG may roll-in the costs of the compression facilities in its next general rate case.

Proposal/Discussion:

CIG requests authority to construct and operate a 1,151 horsepower natural gas fired compressor unit at its Fort Morgan Compressor Station in Morgan County, Colorado in order to increase the end-of-season injection capability of the Fort Morgan Storage Field by 30 MMcf per day from 60 MMcf per day to 90 MMcf per day.¹ CIG estimates that the expansion will cost \$2,928,500 and requests a pre-determination that it may roll-in the costs of the facilities in its next rate case. CIG also filed pro-forma changes to its tariff that reflect the modified injection capability resulting from the compressor addition.

CIG states that the proposed compressor unit will not increase the capacity of the Fort Morgan Storage Field or its pipeline system. Rather the expansion will allow CIG to enhance the end-of-season injection capability at the Fort Morgan Storage Field to increase CIG's flexibility to respond to its existing storage and no-notice customers'

¹CIG's interstate pipeline system extends from supply areas in Texas, Oklahoma, Kansas, Colorado, Wyoming, Montana, and Utah to major delivery areas along the eastern slope of the Rocky Mountain Front Range in Colorado and Wyoming. CIG's system interconnects with other interstate systems in all of these states, except Montana.

changing summertime usage patterns. The new compressor unit will allow CIG's existing customers' to inject their storage capacity in fewer days. No additional contractual commitments are associated with the expansion.

Interventions:

After due notice by publication in the Federal Register on March 5, 2003, (68 Fed. Reg. 10452), Colorado Springs Utilities, Evergreen Resources, Inc., Public Service Company of Colorado and Cheyenne Light, Fuel, and Power Company (jointly), and Questar Pipeline Company filed timely unopposed motions to intervene.² No protests or adverse comments were filed.

Findings:

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

On September 15, 1999, the Commission issued a Policy Statement to provide guidance as to how proposals for certificating new construction will be evaluated.³ It provides that a pipeline must financially support a proposed project without relying on subsidization from its existing customers.⁴ It also established criteria for determining whether there is a need for a proposed project and whether the project will serve the public interest. Specifically, the Policy Statement explains that the Commission, in deciding whether to authorize the construction of new pipeline facilities, balances the public benefits against the potential adverse consequences.

² Timely motions to intervene are granted pursuant to 18 CFR § 385.214.

³ Certification of New Interstate Natural Gas Pipeline Facilities, 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).

⁴ The Policy Statement notes that projects designed to improve service for existing customers, by replacing existing capacity, improving reliability or providing flexibility, are for the benefit of existing customers. Increasing the rates of the existing customers to pay for these kinds of improvements is not a subsidy and the costs of such projects are permitted to be rolled-in. See 88 FERC ¶ 61,227 (1999) at 61,746.

The proposed compressor unit will increase the end-of-season injection capability of CIG's Fort Morgan Storage Field. This enhanced injection capability will provide CIG's existing storage and no-notice customers greater flexibility to respond to their markets. Specifically, the compressor unit will allow CIG's customers to fill their storage capacity in fewer days. Because the project will improve the reliability and operational flexibility of the Fort Morgan Storage Field and will benefit CIG's system and its customers there is no financial subsidy.⁵ Accordingly, it is consistent with the Policy Statement and it is appropriate to permit CIG, in its next general section 4 rate case, to roll-in the project costs.

Furthermore, the benefits of the project outweigh any adverse impacts. First, the new compressor unit will clearly benefit CIG's existing customers by providing greater flexibility in the management of their storage volumes. Second, the proposal is designed exclusively to improve CIG's system for the benefit of existing customers; therefore, other pipelines and their customers will not be adversely impacted by the project. Also, no customers have objected to the proposal. Third, all work will take place within CIG's existing compressor station yard, thus landowners will not be adversely affected. Accordingly, the construction and operation of the new compressor unit at the Fort Morgan Storage Field, is required by the public convenience and necessity.

An environmental assessment (EA) was prepared for CIG's proposal. The EA addressed water resources, vegetation, soils, wildlife, sensitive species, cultural resources, air quality and noise quality. The EA, finds that if constructed and operated in accordance with CIG's application and supplements filed March 5, 2003, April 8, 2003, and April 23, 2003, and the environmental conditions in Appendix A, approval of this proposal would not constitute a major Federal action significantly affecting the quality of the human environment.

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.⁶ CIG shall notify the Commission's environmental staff

⁵See 88 FERC ¶ 61,227 (1999) at 61,746.

⁶See, e.g., *Schneidewind v. ANR Pipeline Co.*, 485 U.S. 293 (1988); National
(continued...)

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

Pursuant to 18 CFR § 375.308, it is ordered that:

- (A) Upon the terms and conditions of this order, a certificate of public convenience and necessity is issued authorizing CIG to construct and operate the new compressor unit at its Fort Morgan Storage Field, as described more fully above and in the application.
- (B) CIG shall comply with all applicable Commission Regulations under the Natural Gas Act, particularly the conditions set forth in paragraphs (a), (c), (e) and (f) of Section 157.20 of the Regulations.
- (C) The proposed facilities shall be made available for service within one year from the date of this order in accordance with Section 157.20(b) of the Commission's Regulations.
- (D) CIG shall notify the Commission's environmental staff by telephone and/or facsimile of any environmental noncompliance identified by other Federal, state, or local agencies on the same day that such agency notifies CIG. CIG shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.
- (E) CIG must comply with the environmental conditions in Appendix A to this order.
- (F) CIG shall file within sixty days of the issuance of this order, tariff sheets implementing the pro forma modifications to its tariff filed with the application.

⁶(...continued)

Fuel Gas Supply v. Public Service Commission, 894 F.2d 571 (2d Cir. 1990); and Iroquois Gas Transmission System, L.P., et al., 52 FERC ¶ 61,091 (1990) and 59 FERC ¶ 61,094 (1992).

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- (G) 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.

William L. Zoller
Acting Director
Division of Pipeline Certificates
Office of Energy Projects

Appendix A
Environmental Conditions

1. CIG 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 environmental assessment (EA), unless modified by this Order. CIG 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. CIG shall file a noise survey with the Secretary **no later than 60 days** after placing the authorized unit at the Fort Morgan Compressor Station in service. If the noise attributable to the operation of the new unit at the station at full load exceeds an L_{dn} of 55 dBA at any nearby noise sensitive areas, CIG shall install additional noise controls to meet that level **within 1 year** of the in-service date. CIG shall confirm compliance with the L_{dn} of 55 dBA requirement by filing a second noise survey with the Secretary **no later than 60 days** after it installs the additional noise controls.