

191 FERC ¶ 61,046  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Mark C. Christie, Chairman;  
Willie L. Phillips, David Rosner,  
Lindsay S. See, and Judy W. Chang.

Texas Gas Transmission, LLC  
Gulf South Pipeline Company, LLC

Docket No. CP24-468-000

ORDER ISSUING CERTIFICATE AND APPROVING ABANDONMENT

(Issued April 15, 2025)

1. On May 8, 2024, Texas Gas Transmission, LLC (Texas Gas) and Gulf South Pipeline Company, LLC (Gulf South) (jointly, Applicants) filed an application pursuant to sections 7(b) and 7(c) of the Natural Gas Act (NGA)<sup>1</sup> and Part 157 of the Commission's regulations,<sup>2</sup> requesting authorization to construct and operate the Eunice Reliability and Lake Charles Supply Project (Reliability and Supply Project) located in Acadia Parish and Jefferson Davis Parish, Louisiana. The project is designed to increase the reliability of Texas Gas's system and to create incremental capacity to provide 120,000 dekatherms per day (Dth/d) of firm transportation service that Texas Gas would abandon by lease to Gulf South, which would use the capacity to provide firm transportation service for several shippers. For the reasons discussed below, we will grant the requested authorizations, subject to certain conditions.

**I. Background and Proposal**

2. Texas Gas, a Delaware limited liability company, is a natural gas company, as defined by section 2(6) of the NGA,<sup>3</sup> engaged in the transportation and storage of natural gas in interstate commerce in Texas, Louisiana, Arkansas, Mississippi, Tennessee, Kentucky, Indiana, Illinois, and Ohio. Gulf South, a Delaware limited liability company, is a natural gas company, as defined by section 2(6) of the NGA,<sup>4</sup> engaged in the transportation and storage of natural gas in interstate commerce in Texas, Oklahoma,

---

<sup>1</sup> 15 U.S.C. § 717f(b), (c).

<sup>2</sup> 18 C.F.R. pt. 157 (2024).

<sup>3</sup> 15 U.S.C. § 717a (6).

<sup>4</sup> *Id.*

Louisiana, Mississippi, southern Alabama, and western Florida. Texas Gas and Gulf South are both wholly owned subsidiaries of Boardwalk Pipelines, LP.<sup>5</sup>

3. Texas Gas proposes to abandon in place five existing reciprocating compressor units at the Eunice Compressor Station in Acadia Parish, Louisiana, totaling 6,650 horsepower (hp),<sup>6</sup> and replace them with one 8,968 hp Solar T-70 gas-fired turbine-driven unit and one 6,391 hp Solar T-60 gas-fired turbine-driven unit, totaling 15,539 hp. Texas Gas also proposes to install suction/discharge lines to the proposed tie-in facility at an existing trap site<sup>7</sup> (referred to, along with the compressor station, as the Eunice Compressor Station and Trap Site) and install overpressure protection at the existing Woodlawn Valve Station in Jefferson Davis Parish, Louisiana.<sup>8</sup>

4. The Reliability and Supply Project is designed to modernize and enhance the reliability of Texas Gas's system and to support new, incremental transportation service. Texas Gas asserts that the replacement of the compressor units is necessary, due to the age and condition of the units, to avoid catastrophic unit failures.<sup>9</sup> Additionally, Texas Gas states that replacement parts are no longer available due to the units' age and that to fabricate parts would necessitate taking portions of the system offline. Texas Gas notes that the new compressor units would enhance the station's operational efficiency and reliability, as well as result in a reduction in noise levels and overall emissions.<sup>10</sup> The new facilities would also enable Texas Gas to provide 120,000 Dth/d of incremental transportation service from the existing interconnection with Gulf South near Bosco, Louisiana, to the existing interconnection with Gulf South near Iowa, Louisiana, ultimately delivering into the Lake Charles, Louisiana area.

---

<sup>5</sup> See Ex. D (citing Ex. D of CP21-467 and Ex. D of CP22-161). Boardwalk Pipelines, LP is wholly owned by Boardwalk Pipeline Partners, LP.

<sup>6</sup> The units to be abandoned consists of four 1,100 hp and one 2,250 hp reciprocating units.

<sup>7</sup> A "trap" is used to remove and collect liquids and solids from the gas stream prior to it entering the compressor units.

<sup>8</sup> Application at 6.

<sup>9</sup> *Id.* at 9.

<sup>10</sup> *Id.* at 43.

5. Texas Gas proposes to lease to Gulf South the entire incremental capacity created by the project for a term of 13 years.<sup>11</sup> Applicants explain that the new capacity would enable Gulf South to increase supply diversity on its existing system in the Lake Charles Zone and provide additional transportation service.<sup>12</sup> Texas Gas asserts that it would maintain operational control over the facilities used to provide the leased capacity<sup>13</sup> and would separately account for the costs and revenues associated with the leased facilities.<sup>14</sup>

6. Applicants estimate that the project would cost approximately \$72,856,900.<sup>15</sup> They propose to recover the replacement costs, \$46,311,600, from Texas Gas's customers<sup>16</sup> and the costs associated with the expansion, \$26,545,300, through the Capacity Lease with Gulf South.<sup>17</sup> Specifically, Texas Gas proposes to charge Gulf South a monthly lease charge consisting of a demand charge equal to \$0.0794 per Dth multiplied by a volume of 120,000 Dth multiplied by the number of days in the month and a commodity charge of \$0.0104 per Dth for gas transported by Gulf South via the leased capacity.<sup>18</sup> Gulf South would pay Texas Gas the fuel charge equal to the effective fuel retention percentage.<sup>19</sup> Gulf South requests a pre-determination that it may roll the

---

<sup>11</sup> *Id.* at 17.

<sup>12</sup> Gulf South's Lake Charles Zone is a closed system that operates independently from the rest of the Gulf South system because its operating pressures are higher than the surrounding pipelines. The Applicants explain that the supply in this area has historically come from offshore supplies, which are declining. *Id.* at 10.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.* at 22.

<sup>15</sup> *Id.* Ex. K at 2.

<sup>16</sup> *Id.* at 24 ("The replacement of existing reciprocating units at the Eunice Compressor Station is designed to improve the reliability of Texas Gas, and the replacement costs are appropriately borne by Texas Gas' customers").

<sup>17</sup> *Id.* at 23, Ex. K.

<sup>18</sup> *Id.* at 18.

<sup>19</sup> *Id.*

costs of the leased capacity into its system-wide rates in its next NGA section 4 general rate proceeding.<sup>20</sup>

7. Gulf South held a binding open season which began on October 10, 2023, and was ultimately extended through January 22, 2024.<sup>21</sup> In response to the open season, Gulf South executed three precedent agreements for 100% of the project's capacity with Entergy Louisiana, LLC (Entergy) (60,000 Dth/d), Shell Energy North America (US), L.P. (Shell) (50,000 Dth/d), and Symmetry Energy Solutions, LLC (Symmetry) (10,000 Dth/d) under Gulf South's Rate Schedule FT-A.<sup>22</sup>

## **II. Notice, Interventions, and Comments**

8. Notice of the application was published in *the Federal Register* on May 21, 2024,<sup>23</sup> establishing June 11, 2024, as the deadline for filing interventions, comments, and protests. Atmos Energy Corporation; Center for LNG; Duke Energy Kentucky, Inc. and Duke Energy Ohio, Inc.; Kentucky Utilities Company; Louisville Gas and Electric Company; Natural Gas Supply Association (DC); Symmetry; and United Municipal Distributors Group,<sup>24</sup> filed timely, unopposed motions to intervene.<sup>25</sup> Louisiana Department of Wildlife and Fisheries and the Acadia Police Jury filed comments.<sup>26</sup>

---

<sup>20</sup> *Id.* at 26.

<sup>21</sup> *Id.* at 11.

<sup>22</sup> Gulf South Pipeline Company, LLC Tariffs; § 4.1 (Currently Effective Rates - Transportation - FTS Service) (22.0.0).

<sup>23</sup> 89 Fed. Reg. 46390 (May 29, 2024).

<sup>24</sup> United Municipal Distributors Group consists of the following municipal-distributor customers of Gulf South: City of Brewton, Alabama; Town of Century, Florida; Utilities Board of the Town of Citronelle, Alabama; City of Fairhope, Alabama; Utilities Board of the City of Foley, Alabama; North Baldwin Utilities, Alabama; Okaloosa Gas District, Florida; City of Pensacola, Florida; and South Alabama Gas District, Alabama.

<sup>25</sup> 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(c)(2024).

<sup>26</sup> *See* Louisiana Department of Wildlife and Fisheries June 6, 2024 Comments (stating no objection because the proposed activity will have minimal to no long-term

### III. Discussion

9. Because the facilities proposed by Texas Gas and the capacity leased to Gulf South will be used to transport natural gas in interstate commerce subject to the Commission's jurisdiction, the construction and operation of the facilities and the acquisition by lease of the capacity are subject to the requirements of subsections (c) and (e) of section 7 of the NGA.<sup>27</sup> In addition, Texas Gas's proposed abandonment of the existing compressor units and abandonment by lease of the project capacity is subject to the requirements of section 7(b) of the NGA.<sup>28</sup>

#### A. Certificate Policy Statement

10. The Certificate Policy Statement provides guidance for evaluating proposals to certificate new construction.<sup>29</sup> 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. It explains that, in deciding whether and under what terms to authorize the construction of new pipeline facilities, the Commission balances the public benefits against the potential adverse consequences. The Commission's goal is to appropriately consider 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.

11. Under this policy, the threshold requirement for applicants proposing new projects is that the applicant 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

---

adverse impacts to wetlands); *See also* Acadia Police Jury June 7, 2024 Comments (stating it supports the proposed project).

<sup>27</sup> 15 U.S.C. §§ 717f(c), (e).

<sup>28</sup> *Id.* § 717f(b).

<sup>29</sup> *Certification of New Interstate Nat. Gas Pipeline Facilities*, 88 FERC ¶ 61,227, *corrected*, 89 FERC ¶ 61,040 (1999), *clarified*, 90 FERC ¶ 61,128, *further clarified*, 92 FERC ¶ 61,094 (2000) (Certificate Policy Statement). On March 24, 2022, the Commission issued an order converting the policy statements issued in February 2022 to draft policy statements. *Certification of New Interstate Nat. Gas Facilities Consideration of Greenhouse Gas Emissions in Nat. Gas Infrastructure Project Reviews*, 178 FERC ¶ 61,197 (2022).

have on the applicant's existing customers, existing pipelines in the market and their captive customers, and landowners and communities affected by the route of the new pipeline facilities. 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.

### **1. No Subsidy Requirement and Project Need**

12. As discussed above, the threshold requirement for applicants proposing new projects is that the applicant must be prepared to financially support the project without relying on subsidization from its existing customers. The Commission has determined that, generally, where a pipeline proposes to charge incremental rates for new construction that are higher than the pipeline's existing system rates, the pipeline satisfies the threshold requirement that existing shippers will not subsidize the project.<sup>30</sup> In instances where an incremental rate calculated to recover project costs is less than the existing system rate, Commission policy requires that the system rate be used as the initial recourse rate to ensure existing customers will not subsidize the new service.<sup>31</sup>

13. As, stated above, Texas Gas proposes to allocate the costs of the project between replacement costs, approximately \$46.3 million, and expansion costs, approximately \$26.5 million.<sup>32</sup> The incremental capacity of 120,000 Dth/d created by the project would be leased by Texas Gas to Gulf South at the monthly lease rate set forth in the Capacity Lease agreement. Gulf South's monthly lease payments to Texas Gas would recover the expansion costs associated with the project. Consistent with Commission policy, Texas Gas would not be allowed to shift to its existing customers any of the expansion costs that are not collected from Gulf South.<sup>33</sup> Accordingly, with respect to the expansion costs, we find there will be no subsidization of the project by Texas Gas's existing shippers.

---

<sup>30</sup> See, e.g., *Tenn. Gas Pipeline Co, LLC*, 179 FERC ¶ 61,041, at P 13 (2022).

<sup>31</sup> E.g., *Tex. Gas Transmission, LLC*, 152 FERC ¶ 61,160, at P 30 (2015); *Millennium Pipeline Co., LLC*, 145 FERC ¶ 61,007, at P 30 (2013).

<sup>32</sup> *Supra* note 14.

<sup>33</sup> See, e.g., *Trailblazer Pipeline Co. LLC*, 185 FERC ¶ 61,039, at P 24 (2023); *Gulf Crossing Pipeline Co. LLC*, 123 FERC ¶ 61,100, at P 123 (2008); *Gulf S. Pipeline Co., LP*, 120 FERC ¶ 61,291, at P 42 (2007).

14. With respect to the replacement costs, the Commission has determined that it is not a subsidy under the Certificate Policy Statement for existing customers to pay for projects designed to improve the reliability or flexibility of existing services.<sup>34</sup> The compressor station upgrades allocated to the replacement component of the Reliability and Supply Project are designed to modernize and improve the reliability of Texas Gas's existing system. Therefore, we find that Texas Gas's proposal will not result in subsidization of the project by Texas Gas's customers.

15. The proposed allocation of the replacement and expansion costs also serves to protect Gulf South's shippers, as they would bear none of the costs associated with replacing existing capacity on Texas Gas. Additionally, the Commission's requirement that all lease costs be accounted for separately from system costs would ensure that existing shippers on the Gulf South are insulated from any negative economic effects of the lease.<sup>35</sup> Therefore, we find that there will be no subsidization of the project by Gulf South's existing shippers.

## 2. Project Need

16. We find that Texas Gas and Gulf South have demonstrated a need for the Reliability and Supply Project. The project would replace obsolete and inefficient compressors on Texas Gas's system and enable Gulf South to use leased capacity on Texas Gas's system to provide incremental service for its shippers. Gulf South has entered into long-term precedent agreements with shippers for 100% of the project's capacity. Binding agreements for 100% of the project's capacity are significant evidence of need for the proposed project.<sup>36</sup>

---

<sup>34</sup> See, e.g., *N. Nat. Gas Co.*, 174 FERC ¶ 61,189, at P 15 (2021) (finding that abandoning aging pipeline and replacing the capacity while maintaining the same level of service is not a subsidy); *S. Star Cent. Gas Pipeline, Inc.*, 169 FERC ¶ 61,214, at P 19 (2019) (finding that a replacement project designed to maintain existing services is not a subsidy).

<sup>35</sup> See, e.g., *Tenn. Gas Pipeline Co, LLC*, 178 FERC ¶ 61,199, at P 25 (2022).

<sup>36</sup> See, e.g., *Transcontinental Gas Pipe Line Co., LLC*, 190 FERC ¶ 61,048, at P 29 (2025) (affirming that precedent agreements are the best evidence of project need); *Tex. Gas Transmission, LLC*, 181 FERC ¶ 61,049 (2022) (finding a long-term precedent agreement for almost 100% of the project's capacity is significant evidence of need for the proposed project); *Enable Gas Transmission, LLC*, 175 FERC ¶ 61,183, at P 30 (2021) (finding a long-term precedent agreement for approximately 67% of the project's capacity demonstrated a need for the proposed project); *Double E Pipeline, LLC*, 173 FERC ¶ 61,074, at P 35 (2020) (finding a 10-year, firm precedent agreement for approximately 74% of the project's capacity adequately demonstrated that the project

**3. Impacts on Existing Customers, Existing Pipelines and Their Customers, and Landowners and Surrounding Communities**

17. We also find that there will be no adverse impact on existing customers or other existing pipelines and their captive customers. The Reliability and Supply Project is designed to both improve the reliability of existing services and to enable Texas Gas to provide capacity to support 120,000 Dth/day of incremental firm natural gas transportation service that will be leased to Gulf South without degrading the service of Texas Gas's existing customers. There is no evidence that the project will displace service on any other systems. Further, the new service to be provided by Gulf South will not have an adverse impact on Gulf South's service to its existing customers. The project will enhance Gulf South's ability to transport diverse gas supplies into the Lake Charles Zone.<sup>37</sup>

18. We are further satisfied that Texas Gas has taken steps to minimize adverse impacts on landowners and surrounding communities. The majority of the proposed replacements will take place within the fence line of the Eunice Compressor Station.<sup>38</sup> At the Woodlawn Valve Station, new equipment consisting of an overpressure protection skid and associated piping will necessitate the expansion of the existing fence line by 76 feet.<sup>39</sup> Texas Gas conducted in-person meetings and distributed letters to all landowners within a half mile of the Eunice Compressor Station, and also distributed letters to residents near the Woodlawn Valve Station.<sup>40</sup> No landowners raised concerns about the proposed project. The total acreage to be disturbed for construction of the project facilities is 44.14 acres, of which 8.27 acres would be permanently affected.<sup>41</sup>

---

was needed). *See also Sierra Club v. FERC*, 38 F.4th 220, 230 (D.C. Cir. 2022) (finding a long-term precedent agreement for 80% of the project's capacity showed an actual need for the project); *Appalachian Voices v. FERC*, No. 17-1271, 2019 WL 847199, at \*1 (D.C. Cir. Feb. 19, 2019) (unpublished) (finding the Commission's conclusion that there is a market need for the project was reasonable and supported by substantial evidence, in the form of long-term precedent agreements for 100% of the project's capacity).

<sup>37</sup> *See* Application at 44.

<sup>38</sup> *See* Resource Report 1 at 1-3.

<sup>39</sup> *Id.*

<sup>40</sup> *See* Application at 37.

<sup>41</sup> *Id.* at 28-29; *See also* Resource Report 1 at 1-3.



Therefore, we are satisfied that Texas Gas has taken appropriate steps to minimize adverse impacts on landowners and communities affected by the project.

#### **4. Certificate Policy Statement Conclusion**

19. The proposed project will improve the reliability and flexibility Texas Gas's existing services as well as create capacity on Texas Gas to provide 120,000 Dth/d of incremental transportation service. Texas Gas will lease the incremental capacity to Gulf South, which has entered into binding precedent agreements for service using 100% of the leased capacity. Accordingly, we find that the Applicants have demonstrated a need for the project and, further, that the project will not have adverse economic impacts on existing shippers or other pipelines and their existing customers, and will have minimal economic impacts on landowners and surrounding communities. Therefore, we conclude that the project is consistent with the criteria set forth in the Certificate Policy Statement, and we analyze the environmental impacts of the project below.<sup>42</sup>

#### **B. Abandonment**

20. Section 7(b) of the NGA provides that an interstate pipeline company may abandon jurisdictional facilities or services only if the Commission finds the abandonment is permitted by the present or future public convenience or necessity.<sup>43</sup> In deciding whether a proposed abandonment is warranted, the Commission considers all relevant factors, but the criteria vary with the circumstances of the particular proposal.<sup>44</sup> Continuity and stability of existing services are the primary considerations in assessing whether the public convenience or necessity allow the abandonment.<sup>45</sup> If the Commission finds that an applicant's proposed abandonment of particular facilities will not jeopardize continuity of existing gas transportation services, the Commission generally will find that the public convenience or necessity permits the abandonment.<sup>46</sup>

---

<sup>42</sup> See Certificate Policy Statement, 88 FERC at 61,745-46 (explaining that only when the project benefits outweigh the adverse effects on the economic interests will the Commission then complete the environmental analysis).

<sup>43</sup> *Id.*

<sup>44</sup> *El Paso Nat. Gas Co., L.L.C.*, 148 FERC ¶ 61,226, at P 11 (2014) (*El Paso*).

<sup>45</sup> See, e.g., *Tex. E. Transmission, LP*, 176 FERC ¶ 61,206, at P 11 (2021) (citing *El Paso*, 148 FERC ¶ 61,226 at P 12).

<sup>46</sup> See, e.g., *id.* (citing *Trunkline Gas Co.*, 145 FERC ¶ 61,108, at P 65 (2013)).

21. Here, Texas Gas proposes to abandon and replace five existing aging reciprocating compressor units at Eunice Compressor with two new compressor units which are sufficient to maintain existing services and provide new capacity to be leased by Gulf South. Accordingly, we find that Texas Gas's proposed abandonment of the five reciprocating units at the Eunice Compressor Station is permitted by the public convenience or necessity.<sup>47</sup>

22. Additionally, Texas Gas proposes to abandon by lease the capacity to provide 120,000 Dth/d of new incremental transportation service to Gulf South. Because the capacity being abandoned will support the lease with Gulf South without affecting existing service, the abandonment will not have any impacts on Texas Gas's shippers. Gulf South will reimburse Texas Gas for all the costs associated with the incremental capacity to be created on Texas Gas's system through the payments under the Capacity Lease and, as discussed below, we will require Texas Gas to maintain separate books and accounting.<sup>48</sup> Accordingly, we find that Texas Gas's proposed abandonment by lease is permitted by the public convenience or necessity.

### **C. Rates**

#### **1. Gulf South Recourse Rates**

23. Gulf South proposes to incorporate the leased capacity into its system<sup>49</sup> and is requesting to use its existing system-wide Rate Schedule FTS rates as the initial recourse rates for firm service on the project.<sup>50</sup> Gulf South's maximum applicable Rate Schedule FTS reservation charge of \$0.3380 per Dth, and usage charge of \$0.0125 per Dth are higher than the charges Gulf South will be paying Texas Gas under the Capacity Lease. Accordingly, we grant Gulf South's request to use its existing system-wide Rate Schedule FTS rates as the initial recourse rates for firm service on the project. Gulf South is also directed to charge the applicable system interruptible rate for interruptible service using the leased capacity.

---

<sup>47</sup> See Application at 15; See also Ex. K (showing the allocation of the T70 compressor unit to replacement/reliability and the T60 unit to the expansion component of the project).

<sup>48</sup> See *infra* P 47.

<sup>49</sup> In addition to the leased capacity, service to Gulf South's project shippers will necessitate transportation over Gulf South's existing system.

<sup>50</sup> See Application at 25.

**a. Negotiated Rate**

24. Gulf South proposes to provide service to project shippers under negotiated rate transportation agreements.<sup>51</sup> Gulf South must file either its negotiated rate agreements or a tariff record setting forth the essential elements of the agreements in accordance with the Commission's Alternative Rate Policy Statement<sup>52</sup> and the Commission's negotiated rate policies.<sup>53</sup>

**b. Gulf South Fuel**

25. Gulf South proposes to recover compressor fuel and electric power costs and any lost and unaccounted for volumes through Gulf South's currently effective system fuel retention rate.<sup>54</sup> In support of its proposal, Gulf South provided a fuel study<sup>55</sup> that demonstrates that charging the project shippers the generally applicable system fuel percentage and electric power rates will not result in existing shippers on the system subsidizing the project. Accordingly, we will approve Gulf South's proposal to charge its generally applicable system fuel percentage and system electric power rates on the capacity associated with the project facilities. Gulf South also requests a pre-determination for rolled-in rate treatment for fuel and lost and unaccounted for gas.<sup>56</sup> We will grant Gulf South's request to roll in its fuel and lost and unaccounted for gas in its next limited NGA section 4 fuel filing, absent any significant change in circumstances.

---

<sup>51</sup> *Id.* at 12-14.

<sup>52</sup> *Alts. to Traditional Cost-of-Serv. Ratemaking for Nat. Gas Pipelines; Regul. of Negotiated Transp. Servs. of Nat. Gas Pipelines*, 74 FERC ¶ 61,076, *order granting clarification*, 74 FERC ¶ 61,076, *order granting clarification*, 74 FERC ¶ 61,194, *order on reh'g and clarification*, 75 FERC ¶ 61,024, *reh'g denied*, 75 FERC ¶ 61,066, *reh'g dismissed*, 75 FERC ¶ 61,291 (1996), *petition denied sub nom. Burlington Res. Oil & Gas Co. v. FERC*, 172 F.3d 918 (D.C. Cir. 1998) (Alternative Rate Policy Statement).

<sup>53</sup> *Nat. Gas Pipeline Negotiated Rate Policies & Pracs.; Modification of Negotiated Rate Pol'y*, 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).

<sup>54</sup> *Id.*

<sup>55</sup> January 14, 2025 Data Response, attach. A.

<sup>56</sup> *See* Application at 27.

## **2. Pre-Determination of Rolled-In Rate Treatment**

### **a. Gulf South**

26. Gulf South requests a pre-determination of rolled-in rate treatment for the costs associated with the leased capacity in its next NGA section 4 general rate proceeding. In support of this request, Applicants state that Gulf South's annual cost associated with the leased Capacity is \$3,796,584 and the projected annual revenues associated with providing service through the capacity is \$16,507,782.<sup>57</sup> As discussed below, we will grant Gulf South's request for a pre-determination.

27. To receive a pre-determination favoring rolled-in rate treatment, a pipeline must demonstrate that rolling in the costs associated with the construction and operation of new facilities will not result in existing customers subsidizing the expansion. In general, this means that a pipeline must show that the revenues to be generated by an expansion project will exceed the costs of the project. 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 section 4 proceeding, the Commission compares the cost of the project to the revenues generated using actual contract volumes and either the maximum recourse rate or, if the negotiated rate is lower than the recourse rate, the actual negotiated rate.<sup>58</sup> Here, Gulf South has demonstrated that the projected revenue generated by service using the leased capacity exceeds the costs associated with the lease.<sup>59</sup> Therefore, we find it appropriate to grant Gulf South a pre-determination to roll in the \$3,796,584 annual cost of the lease capacity into its system-wide rates in a future NGA section 4 general rate proceeding, absent any significant change in circumstances.

### **b. Texas Gas**

28. Texas Gas estimates that the cost attributable to construction of the replacement component of the project is approximately \$46,311,600.<sup>60</sup> Although Texas Gas does not

---

<sup>57</sup> See Ex. N at 7-8; January 24, 2025 Data Response ("the exact cost of the lease capacity used in the comparison is \$3,796,583 based on current tariff rates for Texas Gas").

<sup>58</sup> See *Nat. Gas Pipeline Co. of Am., LLC*, 154 FERC ¶ 61,220, at P 25 (2016).

<sup>59</sup> See Application at Ex. N.

<sup>60</sup> See Application at Ex. K.

request a pre-determination regarding future rate treatment of these costs, it is the Commission's practice to make such a finding.<sup>61</sup>

29. To support a pre-determination that a pipeline may roll the costs of a project into its system-wide rates in its next NGA section 4 general rate proceeding, a pipeline must demonstrate that rolling in the costs associated with the construction and operation of new facilities will not result in existing customers subsidizing the expansion. The Certificate Policy Statement specifically provides that increasing the rates of existing customers to pay for projects designed to improve reliability or flexibility in providing a pipeline's existing services for its customers is not a subsidy.<sup>62</sup>

30. As discussed above, the primary purpose of the proposed replacement component of the project is to replace the aging, reciprocating units at Texas Gas's Eunice Compressor Station for increased reliability and efficiency for the benefit of existing customers. Texas Gas states that replacement of these reciprocating units would reduce the amount of downtime, lower maintenance costs, and increase the reliability at a critical compressor station on Texas Gas's system.<sup>63</sup> Accordingly, we find it will be appropriate to roll the \$46,311,600 of replacement costs into Texas Gas's system rates in a future NGA section 4 general rate proceeding, absent any significant change in circumstances.

#### **D. Capacity Lease**

31. The proposed project would create incremental capacity sufficient to provide 120,000 Dth/d of transportation service from the Perryville supply area near Texas Gas's existing interconnection with Gulf South near Bosco, Louisiana, to Texas Gas's existing interconnection with Gulf South near Iowa, Louisiana.<sup>64</sup> Texas Gas proposes to abandon this capacity by a Capacity Lease to Gulf South. The lease provides for a primary term of 13 years, and from year to year thereafter unless terminated by either Gulf South or Texas Gas by providing the other party with no less than 365 days prior written notice. Under the Capacity Lease, Gulf South will pay Texas Gas a monthly lease charge consisting of a demand charge of \$0.0794 per Dth multiplied by a volume of 120,000 Dth multiplied by

---

<sup>61</sup> See *Trunkline Gas Co., LLC*, 135 FERC ¶ 61,019, at P 27 (2011) (granting a pre-determination of rolled-in rates, even though the applicant did not request it, because a pre-determination better enables existing and potential shippers to make decisions to protect their interests); See also *Cameron Interstate Pipeline, LLC*, 189 FERC ¶ 61,048, at P 19 (2024).

<sup>62</sup> Certificate Policy Statement, 88 FERC at 61,746 n.12.

<sup>63</sup> See Application at 4.

<sup>64</sup> *Id.* at 16.

the number of days in the month and a commodity charge of \$0.0104 per Dth.<sup>65</sup> Texas Gas will also charge Gulf South its currently effective fuel retention percentage for FT/STF/IT Rate Schedules, including lost and unaccounted for gas, for Receipt/Delivery Zone South/South. Texas Gas and Gulf South state that the cost attributable to the expansion facilities that will create the additional capacity is approximately \$26,545,300.<sup>66</sup> Texas Gas will recover the costs of the additional capacity through the lease payments from Gulf South.<sup>67</sup>

32. Historically, the Commission views lease agreements differently from transportation services under rate contracts. The Commission views a lease of pipeline capacity as an acquisition of a property interest by the lessee in the capacity of the lessor's pipeline.<sup>68</sup> To enter into a lease agreement, the lessee generally needs to be a natural gas company under the NGA and needs section 7(c) certificate authorization to acquire the capacity. Once the capacity is acquired, the lessee in essence owns it, and the capacity is subject to the lessee's tariff. The leased capacity is allocated for use by the lessee's customers. The lessor, while it may remain the operator of the pipeline system, no longer has any rights to use the leased capacity.<sup>69</sup>

33. The Commission's practice has been to approve a lease if it finds that: (i) there are benefits from using a lease agreement; (ii) the lease payments are less than, or equal to, the lessor's firm transportation rates for comparable service over the term of the lease; and (iii) the lease agreement does not adversely affect existing customers.<sup>70</sup> As the Commission has stated previously:

We will not consider any of the prongs of the test in isolation, but rather will balance them, on a case-by-case basis. Given the facts of individual lease cases, we will determine whether a proposal meets all of the three established criteria, and, if it does not, weigh the significance of the lease's failure to

---

<sup>65</sup> *Id.* at 18, 25.

<sup>66</sup> *Id.*

<sup>67</sup> *Id.* at 24.

<sup>68</sup> *Tex. E. Transmission Corp.*, 94 FERC ¶ 61,139, at 61,530 (2001).

<sup>69</sup> *Tex. Gas Transmission, LLC*, 113 FERC ¶ 61,185, at P 10 (2005).

<sup>70</sup> *Id.*; *Islander E. Pipeline Co., L.L.C.*, 100 FERC ¶ 61,276, at P 69 (2002).

satisfy any criterion against the benefits it would provide with respect to other criteria.<sup>71</sup>

34. As discussed below, the proposed Capacity Lease between Texas Gas and Gulf South satisfies these requirements overall.

### **1. Lease Benefits**

35. The Commission has found that capacity leases in general have several potential public benefits. Leases can promote efficient use of existing facilities, avoid construction of duplicative facilities, reduce the risk of overbuilding, reduce costs, minimize environmental impacts.<sup>72</sup> In addition, leases can result in administrative efficiencies for shippers by not having to nominate across several pipelines.<sup>73</sup>

36. We find the proposed Capacity Lease will enable Gulf South to provide new transportation service while avoiding construction of larger and more costly facilities than are being constructed by Texas Gas for the lease agreement. As discussed in the Environmental Assessment, in order for Gulf South to provide the 120,000 Dth/d of additional capacity into the Lake Charles Zone on its own system, it would need to construct, among other facilities, 60 miles of new greenfield pipeline and 34 miles of pipeline loop.<sup>74</sup> By using the proposed Capacity Lease, we find that Applicants can meet the demands of the market with reduced construction and related environmental impacts and more efficiently utilize existing facilities on both systems.

### **2. Lease Payments**

37. Commission lease policy generally requires parties to demonstrate that the lease payments are less than or equal to the lessor's firm recourse transportation rates for

---

<sup>71</sup> See, e.g., *Nat'l Fuel Gas Supply Co.*, 172 FERC ¶ 61,039, at P 43 (2020).

<sup>72</sup> See, e.g., *NEXUS Gas Transmission, LLC*, 160 FERC ¶ 61,022, at P 58 (2017); *Constitution Pipeline Co., LLC*, 149 FERC ¶ 61,199, at P 37 (2014); *Dominion Transmission, Inc.*, 104 FERC ¶ 61,267, at P 21 (2003); *Islander E. Pipeline Co., L.L.C.*, 100 FERC ¶ 61,276 at P 70.

<sup>73</sup> *Wyo. Interstate Co., Ltd.*, 84 FERC ¶ 61,007, at 61,027 (1998), *reh'g denied*, 87 FERC ¶ 61,011 (1999).

<sup>74</sup> As discussed in the Environmental Assessment, in order for Gulf South to provide the 120,000 Dth/d of additional capacity into the Lake Charles Zone on its own system, it would need to construct, among other facilities, 60 miles of new greenfield pipeline and 34 miles of pipeline loop. See EA at 58-59.

comparable transportation service over the term of the lease.<sup>75</sup> Here, Texas Gas proposes to charge Gulf South a daily lease reservation charge of \$0.0794 per Dth and a usage charge of \$0.0104 per Dth for the lease capacity. The lease payments are equal to Texas Gas' firm transportation rates for comparable service over the terms of the lease, which are Texas Gas' backhaul system rates for firm transportation service from Zone SL to Zone SL.<sup>76</sup> Therefore, the lease payments are consistent with Commission policy.

### **3. Lease Impacts on Existing Customers**

38. The third criterion the Commission considers when approving a lease is whether a proposed lease arrangement would have an adverse effect on existing customers, such that the impact would outweigh the positive benefits already identified.<sup>77</sup> We find that the lease will not adversely affect Texas Gas's or Gulf South's existing customers.<sup>78</sup>

39. During the term of the lease, Texas Gas will not be permitted to reflect in its system rates any of the costs associated with the leased capacity. The lease also provides that if Texas Gas's maximum applicable rate for Zone SL to Zone SL is modified in a rate proceeding during the term of the lease, the lease rate will match that modification to ensure no subsidization of the capacity by Texas Gas's customers.<sup>79</sup> There will be no subsidization of fuel or lost-and-unaccounted-for gas that results from the lease, as Gulf South will be required to pay Texas Gas's currently effective tariff fuel rate.<sup>80</sup> Therefore, Texas Gas's customers will be protected from any negative financial impacts that may occur if the rate is changed during the term of the lease. Upon termination of

---

<sup>75</sup> See, e.g., *ANR Pipeline Co.*, 179 FERC ¶ 61,040, at P 22 (2022); *Dominion Transmission, Inc.*, 104 FERC ¶ 61,267 at PP 54-58 (approving a lease rate of \$4.867 per Dth versus system rate of \$8.846 per Dth); *Tex. E. Transmission, LP*, 139 FERC ¶ 61,138, at P 52 (2012) (approving a lease rate of \$1.351 per Dth versus system rate of \$6.57 per Dth); *Gulf S. Pipeline Co.*, 119 FERC ¶ 61,281, at PP 15,33 (2007) (approving a daily lease rate of \$0.124 per Dth versus system rate of \$0.338 per Dth).

<sup>76</sup> See Application at 21-22.

<sup>77</sup> See, e.g., *Sabine Pipe Line, LLC*, 171 FERC ¶ 61,147, at P 19 (2020).

<sup>78</sup> *Supra* PP 27-28.

<sup>79</sup> *Id.* at 25.

<sup>80</sup> See Application at 42.



the lease, Texas Gas will have to obtain Commission authorization before reacquiring the leased capacity.

40. Moreover, after the capacity is reacquired, Texas Gas's customers would have the ability to challenge, in an NGA section 4 rate proceeding, any proposal by Texas Gas to include costs associated with the leased capacity in its system rates, with Texas Gas bearing the burden of proving that doing so would not result in subsidization of the capacity by existing system shippers. Texas Gas will be required to separately account for the costs and revenues associated with the leased facilities and segregate those costs and revenues from its other system costs for the specific purpose of insulating existing system shippers from any effects of the lease, consistent with the requirements of section 154.309 of the Commission's regulations.<sup>81</sup> The project will not impact Texas Gas's ability to continue to provide natural gas transportation service to its existing customers

41. Similarly, the Capacity Lease will not impact Gulf South's ability to provide natural gas transportation or storage service to its existing customers since the Lake Charles Zone is a closed system that operates independently from Gulf South's mainline system.<sup>82</sup> Accordingly, the Capacity Lease will not result in adverse effects to either pipeline's existing customers.

#### **4. Capacity Lease Conclusion**

42. We find that the lease arrangement satisfies the Commission's lease policy, there are significant benefits and there are no adverse effects on either Texas Gas or Gulf South's existing customers. Therefore, we conclude that the proposed Capacity Lease is required by the public convenience and necessity. Accordingly, we grant Gulf South's request to acquire by lease the expansion capacity from Texas Gas and offer service on the leased capacity under its tariff.

43. Consistent with Commission policy, we will require Texas Gas to file, within 10 days of the date of abandonment of capacity pursuant to the Capacity Lease to Gulf South, a statement providing the effective date of the abandonment.<sup>83</sup> We also remind the Applicants that when the lease terminates, Gulf South is required to obtain

---

<sup>81</sup> 18 C.F.R. § 154.309 (2024).

<sup>82</sup> *Id.* at 5, 11. *See also supra* P 7 n. 12.

<sup>83</sup> *See, e.g., ANR Pipeline Co.*, 170 FERC ¶ 61,234, at P 12 (2020); *Columbia Gas Transmission, LLC*, 145 FERC ¶ 61,028 (2013).

authority to abandon the leased capacity and Texas Gas is required to obtain certificate authorization to reacquire that capacity.<sup>84</sup>

44. To assure that costs are properly allocated to the project, we require Texas Gas to keep separate books and accounting of costs attributable to the project consistent with the requirements of section 154.309 of the Commission's regulations.<sup>85</sup> The books should be maintained with applicable cross-reference and the information must be in sufficient detail so that the data can be identified in Statements G, I, and J in any future NGA section 4 or 5 rate case, and the information must be provided consistent with Order No. 710.<sup>86</sup>

45. We will also require Gulf South to treat the Capacity Lease with Texas Gas as an operating lease for accounting purposes and record the monthly lease payments in Account 858, Transmission and Compression of Gas by Others, consistent with the Applicants proposal and the accounting treatment for other similar capacity lease agreements approved by the Commission.<sup>87</sup> Additionally, Texas Gas should record the monthly lease receipts in Account 489.2, Revenues from Transportation of Gas of Others through Transmission Facilities.

#### **E. Environmental Analysis**

46. On June 10, 2024, the Commission issued a *Notice of Scoping Period Requesting Comments on Environmental Issues for the Eunice Reliability and Lake Charles Supply Project* (Notice of Scoping). The Notice of Scoping was published in

---

<sup>84</sup> See, e.g., *NEXUS Gas Transmission, LLC*, 160 FERC ¶ 61,022 at PP 63, 76; *Islander E. Pipeline Co.*, 102 FERC ¶ 61,054 at P 35.

<sup>85</sup> 18 C.F.R. § 154.309. See *Gulf S. Pipeline Co.*, 173 FERC ¶ 61,049, at P 6 (2020) (for projects that use existing system rates for the initial rates the Commission's requirement for separate books and accounting applies only to internal books and records).

<sup>86</sup> See *Revisions to Forms, Statements, & Reporting Requirements for Nat. Gas Pipelines*, Order No. 710, 122 FERC ¶61,262, at P 23 (2008). In *Gulf South Pipeline Co.*, the Commission clarified that a pipeline charging its existing system rates for a project is not required to provide books and accounting consistent with Order No. 710. However, a pipeline is required to maintain its internal books and accounting such that it would have the ability to include this information in a future FERC Form No. 2 if the rate treatment for the project is changed in a future rate proceeding. *Gulf South Pipeline Co.*, 173 FERC ¶ 61,049, at P 7.

<sup>87</sup> See, e.g., *Tenn. Gas Pipeline Co., L.L.C.*, 163 FERC ¶ 61,123, at P 16 (2018).

the *Federal Register*<sup>88</sup> and 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. During the scoping period, we received comments from The Louisiana Department of Wildlife and Fisheries, Choctaw Nation of Oklahoma, U.S. Environmental Protection Agency – Region 6, U.S. Fish and Wildlife Service, Louisiana Ecological Services Office and Restore Explicit Symmetry to our Ravaged Earth.

47. Pursuant to the National Environmental Policy Act of 1969 (NEPA),<sup>89</sup> Commission staff prepared an Environmental Assessment (EA) for Texas Gas and Gulf South’s proposal which was issued on January 31, 2025. The notice of availability of the EA was published in the *Federal Register*<sup>90</sup> and 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. The analysis in the EA addresses geology, soils, water resources, wetlands, vegetation, fisheries, wildlife, threatened and endangered species, land use, recreation, visual resources, cultural resources, air quality, noise, safety, socioeconomics, cumulative impacts, including climate change, and alternatives. Under NEPA, the Commission considers impacts to all potentially affected communities. The EA addressed all substantive comments and concluded that the project would not constitute a major federal action significantly affecting the quality of the human environment.<sup>91</sup>

---

<sup>88</sup> 89 Fed. Reg. 51328 (June 17, 2024).

<sup>89</sup> 42 U.S.C. §§ 4321 *et seq.*; *see also* 18 C.F.R. pt. 380 (2024) (Commission’s regulations implementing NEPA). The Council on Environmental Quality’s (CEQ) final rule rescinding its NEPA regulations became effective on April 11, 2025. 90 Fed. Reg. 10,610 (Feb. 25, 2025).

<sup>90</sup> 90 Fed. Reg. 9140 (Feb. 7, 2025).

<sup>91</sup> EA at 61. Commission staff could not determine whether the impacts from greenhouse gas (GHG) emissions attributable to the project would be significant or insignificant. *Id.* at 52-56; *see* 42 U.S.C. § 4336(b)(2) (“An agency shall prepare an environmental assessment with respect to a proposed agency action that does not have a reasonably foreseeable significant effect on the quality of the human environment, or if the significance of such effect is unknown . . .”). We note that NEPA does not require that the Commission formally label project-related GHG emissions as significant or insignificant. *See Citizens Action Coal. of Indiana, Inc. v. FERC*, 125 F.4th 229, 241 (D.C. Cir. 2025) (holding that “the absence of a ‘significance’ label does not violate NEPA, CEQ guidance, or FERC regulations”) (citing *Food & Water Watch v. FERC*,

48. Construction and operation of the project, which includes replacing five existing compressors with two higher horsepower units at an existing compressor station, could affect local communities. The project would impact a total of 44.14 acres of land, including over 8 acres of permanent impacts during operation, with the rest being used for construction workspaces and the creation of temporary access roads.<sup>92</sup> Texas Gas has committed to several minimization and mitigation measures to reduce impacts related to dust, emissions, noise, and traffic.<sup>93</sup> As described in the EA, the project's potential impacts on local communities during construction include impacts on visual resources, air quality, noise, socioeconomics, and traffic, all of which would be temporary and less than significant.<sup>94</sup> The project's potential permanent impacts on local communities include impacts on visual resources, air quality, and noise from operation of the project, all of which would be less than significant.<sup>95</sup> Similarly, the project's contribution to cumulative impacts with other projects would be less than significant.<sup>96</sup>

49. The Commission received comments on the EA from Josh Sonnier, President, Ironworkers Local Union #623 in favor of the project, and from the Alabama Coushatta Tribe of Texas. Mr. Sonnier stated that the project would generate employment opportunities while enhancing energy reliability in rural Louisiana. The Alabama Coushatta Tribe of Texas stated that it did not have the resources to devote full attention to the project and urged protection of natural resources and any cultural heritage items that may be discovered. No comments on the analysis in the EA were filed.

50. With respect to the comments made by Mr. Sonnier, we note that the EA considered the socioeconomic impact of the project, including the impact on employment, and Commission staff concluded that the project's estimated maximum peak workforce of 100 personnel would have a temporary and negligible positive impact

---

104 F.4th 336, 346 (D.C. Cir. 2024) (*East 300*)); see also *Transcon. Gas Pipe Line Co.*, 187 FERC ¶ 61,200, at P 33 (2024) (applying *East 300* in the context of an EA).

<sup>92</sup> *Supra* P 18; EA at 29-30.

<sup>93</sup> *Id.* at 35, 38-40, 42-43.

<sup>94</sup> *Id.* at 30, 34-36, 38-39, 41-42, 42-43.

<sup>95</sup> *Id.* at 30, 36-37 (noting that the project will reduce emissions from the Eunice Compressor Station of nitrogen oxides, carbon monoxide, volatile organic compounds, hazardous air pollutants, and particulate matter), 38-40.

<sup>96</sup> *Id.* at 43-45.

on unemployment rates in the project area.<sup>97</sup> In response to the comments from the Alabama Coushatta Tribe of Texas, we note that as described in the EA, Texas Gas proposed, and Commission staff recommended, a number of measures aimed at protecting natural resources, which we adopt here as reflected in the Environmental Conditions below. Additionally, the EA considered cultural resources and found that Texas Gas had completed a cultural resources survey of approximately 52.4 acres that identified no cultural resources.<sup>98</sup> Further, Texas Gas submitted a plan for the Unanticipated Discovery of Historic Properties or Human Remains during construction, which Commission staff found acceptable.<sup>99</sup>

51. We have reviewed the information and analysis contained in the EA, as well as the other information in the record, regarding potential environmental effects of the project. We accept the environmental recommendations in the EA, and we are including them as conditions in an appendix to this order. Based on the analysis in the EA, as supplemented or clarified herein,<sup>100</sup> we conclude that if the project is constructed, operated, and abandoned in accordance with Texas Gas's and Gulf South's application and supplements, and in compliance with the environmental conditions in the appendix to this order, our approval of this proposal would have no significant environmental impacts on affected resources and would not constitute a major federal action significantly affecting the quality of the human environment.<sup>101</sup> Based on the foregoing discussion, we conclude that the Eunice Reliability and Lake Charles Supply Project is an environmentally acceptable action and that the identified environmental impacts do not outweigh the project's benefits.

#### **IV. Conclusion**

52. We find on balance that the record before us supports a determination that the benefits of the proposed Reliability and Supply Project outweigh its adverse effects. We find that Texas Gas and Gulf South have demonstrated a need for the proposed project, which will ensure the reliability of Texas Gas's system and provide 120,000 Dth/d of

---

<sup>97</sup> *Id.* at 40-41.

<sup>98</sup> *Id.* at 30-31.

<sup>99</sup> *Id.* at 9 and 31.

<sup>100</sup> Although the analysis in the EA provides substantial evidence for our conclusions in this order, it is the order itself that serves as our record of decision. The order supersedes any inconsistent discussion, analysis, or finding in the EA.

<sup>101</sup> We are not making a significance determination regarding GHG impacts for the reasons noted above. *Supra* P 50 n. 88.

firm transportation service that Texas Gas would lease to Gulf South. Further, the project will not have adverse economic impacts on Texas Gas's and Gulf South's existing shippers or other pipelines and their existing customers, and the project's benefits will outweigh any adverse economic effects on landowners and surrounding communities. The Commission recognizes that the proposed project would impact the environment and individuals living in the vicinity of the project facilities. Based on the discussion above, we conclude that, under section 7 of the NGA, the public convenience and necessity requires approval of the Reliability and Supply Project, subject to the conditions in this order.

53. Compliance with the environmental conditions appended to our orders is integral to ensuring that the environmental impacts of approved projects are consistent with those anticipated by our environmental analysis. Thus, Commission staff carefully reviews all information submitted. Only when staff is satisfied that the applicant has complied with all applicable conditions will a notice to proceed with the activity to which the conditions are relevant be issued. We also note that the Commission has the authority to take whatever steps are necessary to ensure the protection of environmental resources during construction and operation of the project, including authority to impose any additional measures deemed necessary to ensure continued compliance with the intent of the conditions of the order, as well as the avoidance or mitigation of unforeseen adverse environmental impacts resulting from project construction and operation.

54. 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.<sup>102</sup>

55. At a hearing held on April 17, 2025, the Commission on its own motion received and made a part of the record in this proceeding all evidence, including the application, as supplemented, and exhibits thereto, and all comments, and upon consideration of the record.

---

<sup>102</sup> See 15 U.S.C. § 717r(d) (state or federal agency's failure to act on a permit considered to be inconsistent with Federal law); see also *Schneidewind v. ANR Pipeline Co.*, 485 U.S. 293, 310 (1988) (state regulation that interferes with FERC's regulatory authority over the transportation of natural gas is preempted) and *Dominion Transmission, Inc. v. Summers*, 723 F.3d 238, 245 (D.C. Cir. 2013) (noting that 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).

The Commission orders:

(A) A certificate of public convenience and necessity is issued to Texas Gas Transmission, LLC, authorizing it to construct and operate the Reliability and Supply Project, as described and conditioned herein, and as more fully described in the application and subsequent filings by the applicant, including any commitments made therein.

(B) The certificate authority issued in ordering paragraph (A) is conditioned on Texas Gas's:

- (1) completion of construction of the proposed facilities and making them available for service within two years of the date of this order pursuant to section 157.20(b) of the Commission's regulations.
- (2) compliance with all applicable Commission regulations under the NGA including paragraphs (a), (c), (e), and (f) of section 157.20 of the Commission's regulations;
- (3) compliance with the environmental conditions listed in the appendix of this order; and

(C) Texas Gas is granted permission and approval to abandon the facilities described in this order and more fully described in the application, subject to Texas Gas's compliance with environmental conditions listed in the appendix to this order.

(D) Texas Gas shall complete the authorized abandonment within two years from the date of this order.

(E) Texas Gas shall notify the Commission within 10 days of the abandonment of the facilities.

(F) Texas Gas and Gulf South Pipeline Company, LLC shall keep separate books and accounting of costs attributable to the Project, as more fully described above.

(G) A certificate of public convenience and necessity is issued to Gulf South authorizing it to acquire by lease the subject capacity from Texas Gas and offer service thereon under its tariff, as described and conditioned herein.

(H) Texas Gas is granted authority to abandon by lease to Gulf South the capacity on its system, as described herein.

(I) Gulf South shall notify the Commission within 10 days of the acquisition of the leased capacity from Texas Gas, as described herein, and Texas Gas shall notify the

Commission within 10 days of the date of abandonment of the capacity leased to Gulf South, as described herein.

(J) A pre-determination of rolled-in rate treatment is granted for Gulf South, as described herein.

(K) A pre-determination of rolled-in rate treatment is granted for Texas Gas, as described herein.

(L) Gulf South's request to use its currently effective system-wide rate for firm transportation service associated with the leased capacity is approved.

(M) Gulf South is directed to charge the applicable system interruptible rate for the leased capacity.

(N) Gulf South's request to utilize its currently effective system-wide fuel and electric power rates for the leased capacity is approved.

(O) A pre-determination for rolled-in rate treatment for fuel and lost and accounted gas is granted for Gulf South, as described herein.

(P) Texas Gas Transmission, LLC (Texas Gas) shall notify the Commission's environmental staff by telephone or e-mail of any environmental noncompliance identified by other federal, state, or local agencies on the same day that such agency notifies Texas Gas. Texas Gas shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

By the Commission.

( S E A L )

Debbie-Anne A. Reese,  
Secretary.



**Appendix A**  
**Environmental Conditions**

As recommended in the Environmental Assessment (EA), and otherwise amended herein, this authorization includes the following conditions:

1. Texas Gas shall follow the construction and abandonment 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 the Order. Texas Gas must:
  - a. request any modification to these procedures, 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 Energy Projects (OEP), or the Director's designee, **before using that modification**.
2. The Director of OEP, or the Director's designed, has delegated authority to address any requests for approvals or authorizations necessary to carry out the conditions of the Order, and take whatever steps are necessary to ensure the protection of environmental resources during construction and operation of the Project, and abandonment activities. This authority shall allow:
  - a. the modification of conditions of the Order;
  - b. stop-work authority; and
  - c. the imposition of any additional measures deemed necessary to ensure continued compliance with the intent of the conditions or the Order as well as the avoidance or mitigation of unforeseen adverse environmental impact resulting from Project construction, operation, and abandonment activities.
3. **Prior to any construction**, Texas Gas 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 by 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 shown in the EA, as supplemental by filed alignment sheets. **As soon as they are available, and before the start of construction**, Texas Gas 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 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 alignment maps/sheets.

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

5. Texas Gas shall file with the Secretary detailed alignment maps/sheets and aerial photographs at a scale not smaller than 1:6,000 identifying all route realignments or facility relocations, and staging areas, pipe storage yards, new access roads, and other areas that would be used or disturbed and have not been previously identified in filings with the Secretary. Approval for each of these areas must be explicitly requested in writing. For each area, the request must include a description of the existing land use/cover type, 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, or the Director's designee, **before construction in or near that area**.

This requirement does not apply to extra workspace allowed by the FERC Plan and/or minor field realignments per landowner needs and requirements which do not affect other landowners or sensitive environmental areas such as wetlands.

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

- a. implementation of cultural resources mitigation measures;
- b. implementation of endangered, threatened, or special concern species mitigation measures;
- c. recommendations by state regulatory authorities; and

- d. agreements with individual landowners that affect other landowners or could affect sensitive environmental areas.
6. **Within 60 days of the acceptance of the authorization and before construction/abandonment begins,** Texas Gas shall file an Implementation Plan with the Secretary for review and written approval by the Director of OEP, or the Director's designee. Texas Gas must file revisions to the plan as schedules change. The plan shall identify:
- a. how Texas Gas will implement the construction and abandonment 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 Texas Gas will incorporate these requirements into the contract bid documents, construction contracts (especially penalty clauses and specifications), and construction drawings so that the mitigation required at each site is clear to onsite construction and inspection personnel;
  - c. the number of EIs assigned per spread, and how the company will ensure that sufficient personnel are available to implement the environmental mitigation;
  - d. company personnel, including EIs and contractors, who will receive copies of the appropriate material;
  - e. the location and dates of the environmental compliance training and instructions Texas Gas will 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 Texas Gas's organization having responsibility for compliance;
  - g. the procedures (including use of contract penalties) Texas Gas will follow if noncompliance occurs; and
  - h. for each discrete facility, a Gantt or PERT chart (or similar project scheduling diagram), and dates for:
    - (1) the completion of all required surveys and reports;
    - (2) the environmental compliance training of onsite personnel;
    - (3) the start of construction; and

- (4) the start and completion of restoration.
7. Texas Gas shall employ at least one EI for the Project. The EI 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, Texas Gas shall file updated status reports with the Secretary on a **bi-weekly** basis until all construction and restoration activities are complete. On request, these status reports shall also be provided to other federal and state agencies with permitting responsibilities. Status reports shall include:
- a. an update on Texas Gas'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;
  - 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 Texas Gas from other federal state, or local permitting agencies concerning instances of noncompliance, and Texas Gas's response.
- 9. Texas Gas must receive written authorization from the Director of OEP, or the Director's designee, **before commencing construction of any Project facilities.** To obtain such authorization, Texas Gas must file with the Secretary documentation that it has received all applicable authorizations required under federal law (or evidence of waiver thereof).
- 10. Texas Gas must receive written authorization from the Director of OEP, or the Director's designee, **before placing the Project into service.** Such authorization will only be granted following a determination that rehabilitation and restoration of the right-of-way and other areas affected by the Project are proceeding satisfactorily.
- 11. **Within 30 days of placing the authorized facilities in service,** Texas Gas 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 Texas Gas 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. Texas Gas shall file a noise survey with the Secretary **no later than 60 days** after placing the replacement units at the Eunice Compressor Station and the modified Woodlawn Valve Station in service. If a full horsepower load condition noise survey is not possible, Texas Gas shall file an interim survey at the maximum possible horsepower load and provide the full load survey **within 6 months.** If the noise attributable to the operation of all of the equipment at Eunice Compressor Station and Woodlawn Valve 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, Texas Gas shall file a report with the Secretary

on what changes are needed and shall install noise controls to comply with the level **within 1 year** of the in-service date. Texas Gas shall confirm compliance with the above requirement by filing a second noise survey with the Secretary **no later than 60 days** after installation of additional noise controls.