

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**ABBREVIATED APPLICATION OF
TENNESSEE GAS PIPELINE COMPANY, L.L.C.
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
TO CONSTRUCT, INSTALL, MODIFY, OPERATE, AND
MAINTAIN CERTAIN PIPELINE AND COMPRESSION FACILITIES AND
TO ABANDON OTHER FACILITIES**

Docket No. CP19-____-000

Public

Filed: October 19, 2018

facilities that will be replaced with new compression facilities as part of the HP Replacement Project.

Together, the Looping Project and a portion of the HP Replacement Project will create 72,400 Dth/day of new firm transportation capacity, which is referred to as the “Market Component.” The majority of the Market Component transportation capacity (45,400 Dth/day) is subscribed by Bay State Gas Company d/b/a Columbia Gas of Massachusetts (“CMA”)¹ and the Holyoke Gas and Electric Department (“Holyoke”) (CMA and Holyoke may be collectively referred to as the “Projects’ Shippers”). The remaining portion of the HP Replacement Project will allow Tennessee to replace existing horsepower (or “HP”) at Compressor Station 261 (“CS 261”) required to meet current and anticipated operational needs, including peak flow conditions, resulting in more reliable service for Tennessee’s existing shippers. This component of the Projects, referred to as the “Replacement Component,” will also allow Tennessee to reduce emissions at CS 261 through the use of a more efficient, newer, cleaner burning, and lower emission compressor unit.

Tennessee respectfully requests the issuance of the requested certificate authorization by November 1, 2019 to ensure timely construction of the Projects. The issuance of the requested authorization by that date will allow Tennessee to complete the acquisition of needed rights of way (“ROW”) and construction of the Projects in a timeframe compatible with the November 1, 2020 in-service date requested by the Projects’ Shippers. In support of this application and pursuant to the Commission’s currently effective regulations and Rules of Practice and Procedure, Tennessee respectfully states as follows.

¹ The precedent agreement and gas transportation agreement, discussed in this application, were executed by Bay State Gas Company d/b/a Columbia Gas of Massachusetts. Representatives for Bay State Gas Company confirmed the legal entity is Bay State Gas Company. Bay State Gas Company d/b/a Columbia Gas of Massachusetts is a trade name employed for branding purposes.

I.
GENERAL INFORMATION

The exact legal name of Tennessee is Tennessee Gas Pipeline Company, L.L.C. Tennessee is a limited liability company organized and existing under the laws of the state of Delaware. The location of Tennessee's principal place of business is 1001 Louisiana Street, Houston, Texas 77002.

Tennessee is a natural gas transmission company primarily engaged in the business of transporting natural gas in interstate commerce under authorizations granted by and subject to the jurisdiction of the Commission. Tennessee's mainline transmission system extends in a northeasterly direction from the states of Texas and Louisiana, and the Gulf of Mexico, through the states of Texas, Louisiana, Arkansas, Mississippi, Alabama, Tennessee, Kentucky, West Virginia, Ohio, Pennsylvania, New York, New Jersey, Massachusetts, New Hampshire, Rhode Island, and Connecticut.

II.
CORRESPONDENCE AND COMMUNICATIONS

All correspondence and communications with respect to this application are to be sent to the following persons:

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* Persons designated to receive service pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2018). Tennessee respectfully requests that the Commission waive Rule 203(b)(3), 18 C.F.R. § 385.203(b)(3) (2018), in order to allow Tennessee to include the three representatives designated above on the official service list for this proceeding. Additionally, service via email ("eService") is requested in lieu of paper copies.

III. **EXECUTIVE SUMMARY**

By this application, Tennessee seeks NGA Section 7(c) authorization for the Projects to increase the capacity of Tennessee's existing pipeline system by upgrading its existing 261B-100 pipeline, as well as authorization under NGA Sections 7(b) and 7(c) to abandon and replace certain existing compressor units and associated facilities. Specifically, the Projects include the following facilities and activities:

- (1) The Looping Project involves the installation of approximately 2.1 miles of 12-inch diameter pipeline loop located, to the extent practicable, parallel and adjacent to Tennessee's existing 8-inch-diameter 261BP-100 pipeline and/or Tennessee's existing 10-inch-diameter 261B-100 pipeline in Agawam, Massachusetts. Where the pipeline loop will be installed adjacent to the 261B-100 pipeline, Tennessee proposes to remove an inactive 6-inch diameter pipeline from this location and replace it with the 12-inch diameter loop upgrade.
- (2) The HP Replacement Project involves the abandonment and replacement of two existing turbine compressor units with one new, cleaner-burning turbine

compressor unit and the installation of auxiliary facilities at Tennessee's existing CS 261 located in Agawam, Massachusetts.

In addition to the proposed construction and modification activities for the Projects, Tennessee has reserved 45,400 Dth/day existing mainline capacity on its pipeline system from its interconnect with Maritimes & Northeast Pipeline, L.L.C.'s ("Maritimes") and Portland Natural Gas Transmission System's ("Portland") Joint Facilities at Dracut, Massachusetts to Station 261 for the Projects.

The Projects will allow Tennessee to provide long-term firm transportation service to the Projects' Shippers, CMA and Holyoke. For purposes of cost allocation, and as discussed in greater detail in Section VI, Rates and Tariff, of this application, the Projects are divided into a Market Component, which consists of the 72,400 Dth/day of incremental firm transportation capacity created by the Looping Project and a portion of the capacity created by the HP Replacement Project, and a Replacement Component, which includes the remaining horsepower from the new compressor unit to be installed that is not allocated to the Market Component. The new compressor unit will provide 4,418 HP for the Market Component of the Projects, with 6,689 HP allocated to the Replacement Component of the Projects. Tennessee proposes to allocate the costs of the HP Replacement Project between the Market Component and the Replacement Component, based on HP requirements for each component.

The Projects' Shippers have executed binding agreements for the majority of the 72,400 Dth/day of incremental firm transportation capacity to be created by the Market Component of the Projects, with CMA and Holyoke subscribing for 40,400 Dth/day and 5,000 Dth/day, respectively, of the incremental firm transportation capacity commencing November 1, 2020. The Projects' Shippers' subscription to the majority of the Projects' Market Component

demonstrates the immediate need for the capacity to be created by the Projects. In addition to the incremental capacity subscribed by the Projects' Shippers, the Market Component of the Projects will also create 27,000 Dth/day of incremental firm transportation capacity from Tennessee's interconnection with Iroquois Gas Transmission System at Wright, New York to the discharge of CS 261 to help alleviate capacity-constrained New England gas markets.

The Projects will provide multiple benefits to the Projects' Shippers and to Tennessee's existing customers. The Projects will provide the needed additional transportation capacity to support CMA's and Holyoke's residential and commercial connections in the Greater Springfield service territory. In addition, the Projects will increase the design delivery pressure to CMA's distribution system, which will further enhance CMA's ability to provide reliable service to its customers, and will also enhance the reliability of Tennessee's 261B-100 pipeline by providing Tennessee with the ability to maintain deliveries to CMA's system in the event that the existing pipeline in the area, which is to be looped as part of the Looping Project, is taken out of service for maintenance.

The Projects will also improve the efficiency and reliability of, and reduce certain emissions, at existing CS 261. As part of the HP Replacement Project, Tennessee will remove two existing older units (a Solar Saturn installed in 1965 and a Solar Centaur installed in 1991), and install a new Solar Taurus 70 compressor unit in the building that currently houses the Solar Centaur unit as a replacement for the two removed units. The new compressor unit is better designed to meet the anticipated operational conditions at CS 261, including peak flow conditions, resulting in more reliable service for Tennessee shippers. The new compressor unit and the design of CS 261 will provide higher pressure into the 10-inch 261B-100 pipeline, to meet the needs of the Projects' Shippers, and will increase operational reliability on Tennessee's

system by replacing two older compressor units with a single new compressor unit. Operational reliability will be enhanced because the existing Solar Saturn compressor unit, as compared to the new Solar Taurus unit to be installed, has a more limited range of spreads (discharge pressure less suction pressure) that it can accommodate without shutting down, particularly at times of peak flows when the unit is most needed.

The construction of the Projects will enable Tennessee to provide firm incremental transportation service to meet the Projects' Shippers' specified market need. Tennessee's interstate pipeline system is fully subscribed in the area of the Projects. Therefore, unless Tennessee proceeds with the construction of the Projects, it will be unable to satisfy the Projects' Shippers' expressed needs, as reflected in the executed agreements, for the incremental transportation capacity of 45,400 Dth/day related to the Projects.

Following receipt of all applicable approvals, Tennessee proposes to begin to clear trees and vegetation from the ROW for the Looping Project no later than March 2020 and to commence all remaining construction activities no later than June 2020, after receipt of all required federal, state, and local permits and authorizations. Construction of the HP Replacement Project is expected to commence in May 2020, pending receipt of all applicable permits and authorizations. In order to meet the requested in-service date of its Projects' Shippers, Tennessee plans to place all facilities for the Projects in-service no later than November 1, 2020. If feasible and appropriate, Tennessee may seek earlier clearing, construction, and in-service authorizations to reduce schedule risks and meet market needs.

As explained in Section IX, Public Convenience and Necessity, the Projects will provide significant public benefits and are consistent with the Commission’s Statement of Policy on the Certification of New Interstate Natural Gas Facilities (“Policy Statement”).²

IV. DESCRIPTION OF PROPOSED FACILITIES

A. Looping Project

The Looping Project includes the construction and installation of an approximately 2.1 mile, 12-inch pipeline loop located, to the extent practicable, parallel and adjacent to Tennessee’s existing 8-inch-diameter 261BP-100 pipeline and/or Tennessee’s existing 10-inch-diameter 261B-100 pipeline in Agawam, Massachusetts. Where the pipeline loop will be installed adjacent to the 261B-100 pipeline (for approximately 1.1 miles of the pipeline loop length), Tennessee proposes to remove an inactive 6-inch diameter pipeline from this location³ and replace it with the 12-inch diameter loop upgrade. Tennessee has designed the route of this pipeline loop to avoid significant areas of residential development, minimize the number of affected landowners, and minimize environmental impacts. To accomplish this, the majority of the 2.1 mile pipeline loop will be located, where practicable, parallel and adjacent to Tennessee’s existing pipelines within Tennessee’s existing pipeline corridors. Where Tennessee was not able to locate the proposed pipeline loop within Tennessee’s existing pipeline corridors, it was primarily due to the path of a proposed horizontal directional drill and efforts to minimize impacts to residences and other developments. Tennessee is proposing to locate those portions of the pipeline loop, to the extent feasible, with other existing utility and transportation corridors.

² *Certification of New Interstate Natural Gas Pipeline Facilities*, 88 FERC ¶ 61,227 (1999) (“Policy Statement”); *order clarifying Statement of Policy*, 90 FERC ¶ 61,128 (2000); *order on clarification*, 92 FERC ¶ 61,094 (2000).

³ Tennessee’s predecessor, Tennessee Gas Transmission Company, received authority from the Federal Power Commission (the predecessor to the Federal Energy Regulatory Commission) in 1958 to construct and operate a new 10-inch diameter pipeline to replace an existing 6-inch-diameter line. The 10-inch-diameter replacement line was relocated to a less congested area than the 6-inch-diameter line and was constructed to increase transportation capacity to meet growing demands. *Tenn. Gas Transmission Co.*, 20 FPC 441 (1958).

During construction of the pipeline loop, a nominal construction workspace totaling 75 feet in width will be required. The construction workspace and permanent easement for the proposed loop does overlap, in certain areas, with existing Tennessee permanent ROW, as depicted on the alignment sheets included with the Environmental Report in Exhibit F-1.

B. HP Replacement Project

The HP Replacement Project includes the installation of one new Solar Taurus 70 turbine/compressor unit, International Organization for Standardization (“ISO”) rated at 11,107 HP, at Tennessee’s existing CS 261 in Agawam, Massachusetts. Tennessee will remove two existing compressor units with a total of 6,689 HP (one Solar Saturn compressor unit, ISO rated at 1,199 HP, and one Solar Centaur compressor unit, ISO rated at 5,490 HP) from Buildings B and D, respectively, and replace those two units with the new Solar Taurus 70 unit in Building D. The Market Component and the Replacement Component of the Projects will use 4,418 HP and 6,689 HP, respectively, of the total horsepower of the new compressor unit (see discussion below). New auxiliary facilities associated with the proposed Projects to be installed at CS 261 include an auxiliary building (approximately 65-feet by 38-feet), air compressor, cable trays, suction header, blowdown silencer and piping, and filter/separator. All of the work proposed will take place within the fenced, operational area of existing CS 261.

C. Reserved Capacity

In addition to the proposed construction and modification activities for the Projects, Tennessee has reserved 45,400 Dth/day existing mainline capacity on its pipeline system from its interconnect with Maritimes’ and Portland’s Joint Facilities at Dracut, Massachusetts to CS 261 for the Projects, pursuant to Article XXVI, Section 5.8 of the General Terms and Conditions (“GT&C”) of Tennessee’s FERC Gas Tariff (“Tariff”). By reserving for the Projects certain

existing transportation capacity that was not otherwise subscribed on a long-term basis, Tennessee reduced the facilities that need to be constructed and installed to meet the Projects' Shippers' specified market need. A copy of all capacity reservation notices, open season notice, and open season results notices are included in Exhibit Z-3 to this application.⁴

D. Auxiliary Facilities

In addition to the facilities described above, Tennessee will construct and operate various appurtenances and auxiliary facilities as part of the Projects. These appurtenances and auxiliary facilities are listed in attached Exhibit Z-1, and the location and description of these facilities are discussed in Resource Report 1, General Project Description, of the Environmental Report, attached as Exhibit F-1 to this application. All appurtenances and auxiliary facilities are covered by environmental surveys conducted for the Projects, as those facilities will be installed within the permanent ROW for the new pipeline loop or the operational areas of CS 261.

⁴ The capacity reservation notices, open season notices, and open season results notice provided in Exhibit Z-3 include: (1) Reservation of Capacity for a Future Northeast Expansion Project, dated May 23, 2016 (effective November 1, 2018); (2) an updated Reservation of Capacity for a Future Northeast Expansion Project, dated February 14, 2017 (effective November 1, 2019); (3) Binding Open Season for Firm Transportation Service in Zone 6 and Zone 5 (Open Season Posting #1101), dated May 23, 2017; (4) Open Season #1101 - Results, July 19, 2017; (5) Reservation of Capacity for a Future Northeast Expansion Project, dated July 28, 2017; and (6) Reservation of Capacity for a Future Northeast Expansion Project - Final Update, dated August 31, 2017. In accordance with Article XXVI, Section 5.8 of the GT&C of Tennessee's Tariff, on May 23, 2016, Tennessee posted notice of capacity that it had reserved for a future expansion project(s) in the northeast, effective November 1, 2018, and that the required open season would be held within one year of the posting. This capacity reservation notice was updated on February 14, 2017 to revise the effective date of the capacity reservation to November 1, 2019. The binding open season, discussed in Section V below, was held from May 23, 2017 to June 30, 2017. The results of the open season were posted on July 19, 2017, with 256,868 Dth/day of firm transportation capacity awarded, to be primarily served the previously reserved capacity. Of this total, 40,400 Dth/day of the previously reserved capacity from the interconnect with Maritimes' and Portland's Joint Facilities at Dracut, Massachusetts to CS 261 was designated to be included as part of the Projects. An updated notice was issued on July 28, 2017 to reserve 15,000 Dth/day of capacity, with 5,000 Dth/day designated to be included as part of the Projects. The final notice, posted on August 31, 2017, outlined the previous capacity reservation notices and open season and provided notice that, as of the date of the posting, no capacity was being reserved for a future northeast expansion.

E. Abandonment Authority

Tennessee is requesting abandonment authority for compressor facilities that will be replaced as part of the HP Replacement Project. As discussed above, at existing CS 261, Tennessee proposes to abandon by removal two existing compressor units (one 1,199 HP compressor unit and one 5,490 HP compressor unit, for a total of 6,689 HP) located at Compressor Buildings B and D, respectively, as well as removal of an emergency generator from an existing control building, coolers, air compressor, auxiliary equipment, and related piping.

Although the replacement of compressor units would not typically require specific abandonment authority,⁵ Tennessee is seeking abandonment authority in this proceeding because the replacement of these facilities is an integral part of the Projects for which Tennessee is seeking certificate authority herein. Tennessee does not propose to abandon any transportation service as part of the Projects.

F. Flow Diagrams

In Exhibits G and G-II to this application, Tennessee has provided flow diagrams and data demonstrating the effect of the proposed facilities and abandonments on the operational capabilities and conditions of Tennessee's system. Exhibits G and G-II also demonstrate that there will be no adverse operational impacts to Tennessee's system resulting from the construction of the Projects and the proposed abandonments.

G. Anticipated Construction Activities

The specific descriptions and locations of the proposed construction activities for the Projects are set forth in Resource Report 1, General Project Description, provided as part of the Environmental Report, attached as Exhibit F-1 to this application. The Hickory Street Pipeyard,

⁵ Tennessee notes that but for the inclusion of the replacement activities as part of the Projects, it may have had the option to replace the compressor facilities under either Section 2.55 of the Commission's regulations, 18 C.F.R. § 2.55 (2018), or under its blanket certificate authority.

which straddles the state line with approximately 3.3 acres located in Agawam, Massachusetts and 8.0 acres in Suffield, Connecticut, will be used as a contractor/pipe yard during construction of the Projects.

H. Anticipated Construction Schedule

Contingent upon receiving authorization from the Commission for the construction, installation, modification, operation, and maintenance of the Projects' facilities, Tennessee anticipates that it will begin tree clearing activities for the Looping Project no later than March 2020 and commence all remaining construction activities no later than June 2020, and will commence construction of the HP Replacement Project in May 2020. In order to meet the requested in-service date of its Projects' Shippers, Tennessee plans to place the new facilities in-service no later than November 1, 2020. Tennessee is proposing this construction timeline in order to accommodate narrow construction windows due to weather issues and anticipated environmental and seasonal constraints on tree felling/clearing, as well as to minimize outages and maintain adequate levels of service to meet its existing commitments to its shippers during the construction and installation of the Projects' facilities described herein. Therefore, in order to allow Tennessee to complete construction of the Projects in a timeframe compatible with the November 1, 2020 in-service date, Tennessee respectfully requests that the Commission grant the requested authorizations no later than November 1, 2019.

I. Estimated Costs

The estimated costs of the Market Component and Replacement Component of the Projects are approximately \$31.7 million and \$20.3 million, respectively, including contingency, overheads, and Allowance for Funds Used During Construction ("AFUDC"), as detailed in the attached Exhibit K, Cost of Facilities.

The HP Replacement Project facilities will be used by both the Market Component and the Replacement Component of the Projects; therefore, Tennessee proposes to allocate the cost of such facilities based on the respective horsepower attributable to the Projects' Market Component and Replacement Component as compared to the total horsepower being installed at CS 261.

V. OPEN SEASON

Tennessee held a binding open season for the Market Component of the Projects from May 23, 2017 to June 30, 2017, offering firm transportation capacity with receipts from its interconnections with (i) Maritimes' and Portland's Joint Facilities in Dracut, Massachusetts, or (ii) other mutually agreeable receipt points in Zone 6 to delivery points on Tennessee's 200 Line in Zone 6 and Zone 5 ("Open Season"). In the binding Open Season, Tennessee indicated that firm capacity awarded pursuant to the Open Season may be made available through installation of new pipeline and compression facilities, use of reserved capacity, or the installation of appurtenant facilities, as required to meet the specific needs of shippers.

In the binding Open Season, Tennessee offered firm expansion capacity at either Rate Schedule FT-A maximum reservation rate under Tennessee's Tariff or a negotiated reservation rate selected by the shipper, plus the applicable Rate Schedule FT-A maximum commodity rate, fuel, and applicable surcharges.⁶ Tennessee offered Foundation Shipper status to any shipper executing a 20-year binding agreement on or prior to the start date of the Open Season, and noted that it had executed binding agreements for a 20-year term with multiple Foundation Shippers for a portion of the firm capacity. These binding agreements were considered qualifying binding bids in the Open Season, and in exchange for the early commitment to the firm capacity, the Foundation Shippers

⁶ The negotiated rates and recourse rates for the Projects are discussed in Section VI, Rates and Tariff, below.

were awarded capacity.⁷ Tennessee also offered Anchor Shipper status to any potential shipper submitting a qualifying binding bid by the close of the Open Season, with Anchor Shipper benefits including the right to extend the gas transportation agreement at the end of the 20-year primary term and mutually acceptable provisions to be negotiated on a not unduly discriminatory basis.⁸ The Foundation Shipper and Anchor Shipper incentives, including extension rights, are subject to approval by the Commission and are discussed in more detail in Section VII, Precedent Agreement and Firm Transportation Agreements, below.

Prior to the close of the binding Open Season, Tennessee executed a binding precedent agreement with CMA for up to 96,400 Dth/day of firm transportation capacity for a 20-year term, reflecting the commercial terms and conditions for CMA's commitment to participate in the Projects as an Anchor Shipper. Holyoke, who submitted a bid in response to the binding Open Season for a portion of the transportation capacity and executed a FT-A gas transportation agreement with Tennessee for up to 5,000 Dth/day of firm transportation capacity for a 20-year term following the close of the Open Season, qualified as an Anchor Shipper. Both Projects' Shippers elected to pay negotiated rates for the firm transportation service, as discussed in Section VI, Rates and Tariff, below.

The Precedent Agreement with CMA identifies how Tennessee will provide the 96,400 Dth/day of firm transportation service through reserved capacity, construction of a new meter

⁷ Tennessee entered into firm transportation agreements with Foundation Shippers (The Narragansett Electric Company d/b/a National Grid, NStar Gas Company d/b/a Eversource Energy, The Berkshire Gas Company ("Berkshire"), Niagara Mohawk Power Corporation d/b/a National Grid ("NIMO"), and Boston Gas Company d/b/a National Grid) on or before the start of the Open Season, which agreements served as their qualifying binding bids in the Open Season. Tennessee is providing service to these shippers using existing reserved transportation capacity.

⁸ Two shippers, Berkshire and NIMO, submitted bids in the response to the Open Season for interim capacity beginning November 1, 2017 through October 31, 2018, and were awarded that capacity. Tennessee is providing service to these two shippers using existing reserved transportation capacity.

station under Tennessee's blanket construction certificate, and construction of the Projects' facilities:

- 1) 50,000 Dth/day of firm transportation service to the Agawam, Lawrence, and East Longmeadow delivery points to commence on November 1, 2018. This service will be provided to CMA through the use of reserved capacity on Tennessee's system, as provided for in the terms of the binding Open Season, and is not part of this application.
- 2) An additional 6,000 Dth/day of firm transportation service to the to the new Longmeadow Meter Station to be constructed in Longmeadow, Massachusetts,⁹ to commence on the later of (i) November 1, 2019, or (ii) the date on which Tennessee can render service to CMA. Tennessee will serve the 6,000 Dth/day of firm transportation capacity to CMA through the use of reserved capacity and the construction of the new Longmeadow Meter Station pursuant to automatic authorization under the Commission's blanket certificate regulations, 18 C.F.R. Part 157, Subpart F and Tennessee's blanket certificate, issued in Docket No. CP82-413-000 on September 1, 1982.¹⁰ The new Longmeadow Meter Station has independent utility from the Projects, and is not part of this application.¹¹

⁹ The West Longmeadow Meter Station referred to in the CMA Precedent Agreement has been renamed as the "Longmeadow Meter Station".

¹⁰ *Tenn. Gas Pipeline Co.*, 20 FERC ¶ 62,409 (1982).

¹¹ The Longmeadow Meter Station will provide a needed delivery point for CMA on the east side of the Connecticut River. Currently, CMA provides natural gas service to its existing customers on the east side of the Connecticut River by a single pipe that crosses Memorial Street Bridge. If service through that single pipe is disrupted, delivery of natural gas could be impeded significantly. The Longmeadow Meter Station will enhance system reliability to 55,000 existing CMA customers and supports the ability of CMA to serve future customers. The Longmeadow Meter Station is scheduled to be constructed beginning in June 2019 and placed into service in November 2019, consistent with CMA's request to have this additional point of delivery be operational by November 2019. The volume of natural gas supplied to the proposed Longmeadow Meadow Station will come from Tennessee's existing mainline system and is not influenced by the Projects. The new meter station has independent utility from the Projects, and will proceed even in the event Tennessee does not proceed with the Projects. Although the Longmeadow Meter Station is separate and independent from the Projects, for purposes of this application and to ensure a thorough environmental review, the Longmeadow Meter Station has been identified as being located within the cultural impact assessment areas for certain resources impacted by the Projects, as discussed in Resource Report

- 3) An additional 40,400 Dth/day of service to Agawam, Massachusetts, to commence on the later of (i) November 1, 2020, or (ii) the date on which Tennessee can render service to CMA.¹² Tennessee will provide this additional 40,400 Dth/day of firm transportation service through the new facilities that are the subject of this application, as well as reserved capacity on Tennessee's system.

The 5,000 Dth/day of firm transportation service to Holyoke will be provided through the new facilities that are the subject of this application, as well as reserved capacity on Tennessee's system.

In addition, in the binding Open Season, Tennessee solicited offers from its shippers to permanently relinquish capacity that could be used to provide transportation service to shippers as part of the Projects. In response to this solicitation, no shippers offered to turn back capacity.

VI. **RATES AND TARIFF**

A. Market Component

The proposed firm transportation service using the Market Component facilities will be provided under Tennessee's Rate Schedule FT-A and Part 284, Subpart G of the Commission's regulations. The Projects' Shippers have elected to pay negotiated rates for firm transportation service on the Market Component facilities of the Projects.¹³

1 of the Environmental Report, included as Exhibit F-1 to this application, and will be addressed as appropriate in the cumulative impact analysis sections contained in the applicable resource reports.

¹² CMA and Holyoke have informed Tennessee that they intend to request amendments to primary points under existing FT-A service agreements to allow for transportation to CMA's Northampton delivery point, to be effective as of the in-service date of the Projects. No facilities are required to be constructed to allow the requested amendments in delivery points.

¹³ On August 30, 1996, in Docket Nos. RP96-312, *et al.*, the Commission approved, subject to conditions, Tennessee's July 16, 1996 tariff filing, authorizing Tennessee to charge negotiated rates for its transportation and storage services. *Tenn. Gas Pipeline Co.*, 76 FERC ¶ 61,224, *order on reh'g*, 77 FERC ¶ 61,215 (1996), *reh'g denied*, 81 FERC ¶ 61,207 (1997).

Under the Commission's Alternative Rate Policy Statement, if a pipeline enters into a negotiated rate agreement, the pipeline must provide recourse rates as an alternative.¹⁴ In the binding Open Season, Tennessee offered the Rate Schedule FT-A maximum reservation rates under Tennessee's Tariff as an alternative to negotiated rates to all potential shippers.

Tennessee proposes incremental recourse rates under Rate Schedule FT-A for firm transportation service on the Market Component facilities. The incremental recourse rates include a monthly reservation rate of \$6.7515 per Dth (equivalent to a daily reservation rate of \$0.2220 per Dth) and a daily commodity rate of \$0.0054 per Dth. In addition to the base incremental rates described above, shippers using the Market Component facilities will also be subject to any applicable demand and commodity surcharges, and applicable general system fuel and lost and unaccounted-for charges and electric power cost charges.¹⁵ These rates and charges are set forth in the pro forma Tariff sheets attached as Exhibit P to this application.

The incremental recourse rate for service on the Market Component facilities has been derived using an incremental cost of service of approximately \$5.986 million. The incremental cost of service reflects: (a) the income tax rates, capital structure, and rate of return approved in

¹⁴ See generally *Alternatives to Traditional Cost-of-Service Ratemaking for Natural Gas Pipelines and Regulation of Negotiated Transportation Services of Natural Gas Pipelines*, 74 FERC ¶ 61,076 (1996), *order granting clarification*, 74 FERC ¶ 61,194 (1996), *order denying reh'g and clarification*, 75 FERC ¶ 61,024 (1996), *reh'g denied*, 75 FERC ¶61,066 (1996); *pet. for review denied sub nom, Burlington Res. Oil & Gas Co. v. FERC*, 172 F.3d 918 (D.C. Cir. 1998); *Natural Gas Pipeline Negotiated Rate Policies & Practices*, 104 FERC ¶ 61,134 (2003), *order on reh'g and clarification*, 114 FERC ¶ 61,042 (2006), *order dismissing reh'g and denying clarification*, 114 FERC ¶ 61,304 (2006); *criteria modified, Rate Regulation of Ctr. Nat. Gas Storage Facilities*, Order No. 678, 2006-2007 FERC Stats. & Regs. Regs Preambles 2006-2007, ¶ 31,220 (2006), *order on clarification and reh'g*, Order No. 678-A, 117 FERC ¶ 61,190 (2006).

¹⁵ Tennessee is proposing to roll-in the Market Component of the Projects' fuel and electric power costs into its fuel tracker and assess the Projects' Shippers the applicable general system fuel rates and electric power cost rates for transportation service on the Market Component facilities. Exhibit Z-4 attached hereto demonstrates that rolling in the Market Component Projects' fuel and electric power costs into Tennessee's fuel tracker will not negatively impact Tennessee's existing shippers.

Tennessee's rate settlement in Docket No. RP95-112-000, *et al.*¹⁶ and reaffirmed in Tennessee's last rate settlement in Docket No. RP15-990-000,¹⁷ (b) a straight-line depreciation rate of 3.33 percent, based on an estimated useful life of the Market Component facilities of thirty (30) years,¹⁸ and (c) projected operation and maintenance expenses based on historical cost factors on the Tennessee system for similar facilities. The proposed rates for the Market Component facilities reflect a straight fixed-variable rate design whereby all fixed costs have been assigned to the reservation rate and all variable costs have been assigned to the commodity rate. The reservation rate is based on the design capacity of the Market Component facilities of 72,400 Dth/day while the commodity rate reflects estimated firm volumes using an 84 percent load factor utilization based on historical load factor levels on the Tennessee system.

Tennessee's proposed incremental recourse rate treatment for service on the Market Component facilities is appropriate since the incremental cost of these facilities exceeds the revenue that would be generated by applying the otherwise applicable general system rate for comparable service to the design capacity of the Market Component facilities.¹⁹ The derivation of the incremental recourse rate is set forth in enclosed Exhibit N, Revenues-Expenses-Income.

In the enclosed Exhibit P, Tariff, Tennessee is submitting pro forma tariff sheet, Sheet No. 19B, to establish the incremental recourse rates (reservation, commodity, and fuel and loss

¹⁶ *Tenn. Gas Pipeline Co.*, 94 FERC ¶ 61,117 (2001); *reh'g denied*, 95 FERC ¶ 61,034 (2001); *Tenn. Gas Pipeline Co.*, 77 FERC ¶ 61,083 (1996), *reh'g denied*, 78 FERC ¶ 61,069 (1997), *pet. for review denied sub nom. NorAm Gas Transmission Co.*, 148 F.3d 1158 (D.C. Cir. 1998).

¹⁷ *Tenn. Gas Pipeline Co., L.L.C.*, 152 FERC ¶ 61,009 (2015) ("2015 Settlement"). For purposes of the incremental recourse rate derivation as set forth in Exhibit N attached to this application, the federal income tax rate included in the 2015 Settlement has been adjusted to reflect the reduction in federal corporate income tax rates to twenty-one (21) percent as a result of the Tax Cuts and Jobs Act, Pub. L. No. 115-97, 131 Stat. 2054 (2017).

¹⁸ The use of a straight-line depreciation rate of 3.33 percent is consistent with the Commission's Uniform System of Accounts and Commission precedent. See *Tenn. Gas Pipeline Co.*, 136 FERC ¶ 61,173, at P 19 (2011); *Millennium Pipeline Co.*, 117 FERC ¶ 61,319 at P 130 (2006).

¹⁹ Please refer to Page 5 of 5 of Exhibit N attached to this application for details on the cost-revenue comparison.

and unaccounted-for charges (plus applicable surcharges)) under Rate Schedule FT-A applicable to service on the Market Component facilities.

Tennessee also proposes to offer interruptible transportation service at those times when the Projects' firm transportation capacity is not being fully utilized by the Projects' Shippers.²⁰ Consistent with the Commission's holding in *Transcontinental Gas Pipe Line Corp.*,²¹ Tennessee proposes to charge the applicable general system rate under Rate Schedule IT for any interruptible transportation service rendered on the incremental capacity made available as a result of the Projects' Market Component facilities.

B. Replacement Component

Tennessee proposes to roll-in the costs related to the Replacement Component facilities into its general system rates in its next NGA Section 4 general rate proceeding. As discussed above, Tennessee proposes to allocate the costs of the HP Replacement Project between the Market Component and the Replacement Component based on the horsepower requirements for each component of the Projects. More specifically, Tennessee proposes to allocate approximately 39.8 percent (4,418 HP out of the 11,107 HP of the new compressor unit to be installed) of the HP Replacement Project costs to the Market Component of the Projects, and to allocate the remaining 60.2 percent to the Replacement Component of the Projects. This approach ensures that both components of the Projects share the benefits and costs of the larger compressor unit on a pro-rata basis. Tennessee believes that it is appropriate to seek rolled-in rate treatment for the costs associated with the Replacement Component of the Projects because two existing compressor units at CS 261 will be replaced with a new and more efficient

²⁰ Section 284.9(a) of the Commission's regulations, 18 C.F.R. § 284.9(a)(2014), requires that jurisdictional pipelines that offer firm transportation service must also offer interruptible transportation service.

²¹ 124 FERC ¶ 61,160, at PP 27-28 (2008) (citing *Kern River Gas Transmission Co.*, 117 FERC ¶ 61,077, at PP 313-14 (2006), and *Gulf South Pipeline Co.*, 122 FERC ¶ 61,162, at P 17 (2008)).

compressor unit, which will allow Tennessee to operate more efficiently and improve system reliability to the benefit of all of its shippers. Also, the proposal to seek rolled-in rate treatment for the Replacement Component costs is consistent with Commission policy, which permits the roll-in of costs of projects designed to improve reliability or flexibility of service for existing customers.²² The Commission's no-subsidy policy recognizes that existing customers should pay the costs of projects designed to improve their service by replacing existing capacity, improving reliability or providing additional flexibility.²³

Also, Tennessee notes that but for the inclusion of the Replacement Component facilities as part of the Projects, it may have had the option to replace these facilities under its blanket certificate authority and thereby be entitled to rolled-in rate treatment for the Replacement Component facilities. The Commission provides a presumption of rolled-in rate treatment for new facilities that qualify for approval under blanket certificate authority without a case-specific analysis of potential system benefits. The Commission adopted this presumption in its 1995 Pricing Policy Statement,²⁴ and continued this approach in its Policy Statement.²⁵ In the 2006 rulemaking amending the blanket certificate regulations, the Commission determined that it would continue to apply the presumption that blanket certificate costs will qualify for rolled-in rate treatment.²⁶

²² *Columbia Gas Transmission Co.*, 122 FERC ¶ 61,021, at P 42 (2008) (citing Policy Statement, 88 FERC ¶ 61,227 at n. 12); *Columbia Gulf Transmission Co.*, 93 FERC ¶ 62,156, at p. 64,253 (2000) (citing Policy Statement, 88 FERC ¶ 61,227, at p. 61,746).

²³ See *Tenn. Gas Pipeline Co.*, 131 FERC ¶61,140, at P 19 (2010); *Columbia Gulf Transmission Co.*, 93 FERC ¶ 62,156, at p. 64,253 (citing *Great Lakes Transmission L.P.*, 80 FERC ¶ 61,105 (1997)).

²⁴ *Pricing Policy for New and Existing Facilities Constructed by Interstate Pipelines*, 71 FERC ¶ 61,241 (1995), *order denying reh'g*, 75 FERC ¶ 61,105 (1996).

²⁵ See Policy Statement, 88 FERC ¶ 61,227, at p. 61,737 n.3.

²⁶ See *Revisions to the Blanket Certificate Regulations and Clarification Regarding Rates*, Order No. 686, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,231, at P 38 (2006) (explaining that the validity of the presumption could be addressed in a NGA Section 4 rate proceeding), *order on reh'g and clarification*, Order No. 686-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,249, *order on reh'g*, Order No. 686-B, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,255 (2007), *reh'g denied*, 122 FERC ¶ 61,028 (2008).

VII.
PRECEDENT AGREEMENT AND
FIRM TRANSPORTATION AGREEMENTS

A. CMA Precedent Agreement and Projects' Shippers' Gas Transportation Service Agreements

Several agreements provide the firm contractual support for the Market Component of the Projects and reflect the contractual incentives that were necessary for the Projects' Shippers to make binding commitments to the Projects, including (i) the executed precedent agreement with CMA ("CMA Precedent Agreement"), (ii) the executed firm transportation service agreement with CMA ("CMA Gas Transportation Agreement"),²⁷ and (iii) the executed firm transportation service agreement with Holyoke ("Holyoke Gas Transportation Agreement") (the CMA Gas Transportation Agreement and the Holyoke Gas Transportation Agreement may be collectively referred to as the "Gas Transportation Agreements").

Tennessee has attached an executed copy of the CMA Precedent Agreement in Exhibit I to this application. The CMA Precedent Agreement is being filed under a request for confidentiality pursuant to Section 388.112 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 388.112 (2018). Tennessee is seeking confidential treatment of the CMA Precedent Agreement as it contains sensitive market information regarding the negotiations with

²⁷ Contemporaneously with the filing of this application, Tennessee is submitting the CMA Gas Transportation Agreement as part of a negotiated rate/non-conforming agreement filing for firm transportation service of 50,000 Dth/day commencing on November 1, 2018 under that agreement. As discussed above in Section V, Open Season, the CMA Precedent Agreement, and the corresponding CMA Gas Transportation Agreement, identify how Tennessee will provide a total of 96,400 Dth/day of firm transportation service to CMA through reserved capacity, construction of a new meter station under Tennessee's blanket construction certificate, and the construction of the Projects' facilities. Commencing on November 1, 2018, Tennessee will be providing firm transportation service to the Agawam, Lawrence, and East Longmeadow delivery points for CMA using existing reserved capacity under the CMA Gas Transportation Agreement. The non-conforming provisions in the CMA Gas Transportation Agreement are identified and explained in the separate negotiated rate/non-conforming agreement filing, and Tennessee is also identifying and explaining non-conforming provisions in the CMA Gas Transportation Agreement in this application as 40,400 Dth/day of firm transportation service under the agreement will be provided through the new facilities that are the subject of this application. As may be required by the Commission in the order accepting the negotiated rate/non-conforming agreements filed contemporaneously with this application, or in the Commission order in this proceeding, Tennessee will submit the CMA Gas Transportation Agreement and the negotiated rate agreement at least 30 days prior to the in-service date of the Projects.

CMA, the public disclosure of which would competitively harm Tennessee and CMA. A form of protective agreement is included in Exhibit Z-2 to this application.

Executed public versions of the Gas Transportation Agreements are also provided in Exhibit I to this application, as well as public versions of the Gas Transportation Agreements with the differences that are described below shown in redline/strikeout format.

B. Non-Conforming Provisions of Projects' Shippers' Gas Transportation Agreements

1. Gas Transportation Agreements

There are certain differences, as described below, between the Gas Transportation Agreements of the Projects' Shippers and Tennessee's pro forma Rate Schedule FT-A transportation service agreement ("Pro Forma Agreement"):²⁸

- a. Section 2.2 of the Gas Transportation Agreements address the commencement dates for transportation service to be provided under the Gas Transportation Agreements.²⁹ Section 2.2 of the Pro Forma Agreement does not contain this regulatory authorization or commencement date language. While the Pro Forma

²⁸ On October 30, 2017, Tennessee submitted a filing in Docket No. RP18-118-000 to revise its pro forma service agreements. The proposed revisions to the pro forma service agreements included, among other things, alternate or additional language to enable Tennessee and a shipper, whose service is dependent upon the completion of construction of expansion facilities by Tennessee, to include language to address conditions precedent and other project-related requirements, thereby limiting the need for Tennessee to file any such agreements with the Commission as a non-conforming agreement. On November 29, 2017, the Commission approved Tennessee's proposal and accepted the Tariff records effective on December 1, 2017. *See Tenn. Gas Pipeline Co.*, 161 FERC ¶ 61,236 (2017). Tennessee's description of the non-conforming provisions in the CMA Gas Transportation Agreement and the Holyoke Gas Transportation, discussed below, are in reference to Tennessee's revised Pro Forma Agreement.

²⁹ The CMA Gas Transportation Agreement provides that service to (i) Agawam, Lawrence, and East Longmeadow will be provided using existing reserved capacity commencing on November 1, 2018 ("2018 Commencement Date"); (ii) the new Longmeadow Meter Station will be provided using existing reserved capacity, subject to the construction of the new meter station, commencing on November 1, 2019 ("2019 Commencement Date"); and (iii) Agawam will be provided using the Market Component Projects' facilities commencing on November 1, 2020 ("2020 Commencement Date"). As part of the overall commercial negotiations and for ease of contract administration (including nominations and scheduling), Tennessee and CMA agreed to enter into a single gas transportation agreement covering the transportation capacity awarded by Tennessee to CMA pursuant to the binding Open Season. The Holyoke Gas Transportation Agreement provides that service to Agawam will be provided using the Market Component Projects' facilities on the later of November 1, 2020 or the date on which Tennessee is able to render service using the facilities.

Agreement contains alternate or additional language in Sections 1.3 and 15.7 to address regulatory authorizations and commencement date provisions, the Gas Transportation Agreements include this language in different sections of the agreements and this language may be deemed non-conforming.

- b. Article IV of the CMA Gas Transportation Agreement includes language that Tennessee will construct the Projects' facilities or otherwise acquire access to the facilities necessary to provide transportation service for CMA. Although Article IV of the Pro Forma Agreement contains alternate language when construction of facilities is necessary to provide transportation service to a shipper, Article IV of the Gas Transportation Agreement includes additional minor language changes as compared to the Pro Forma Agreement.
- c. Section 6.1 of the Gas Transportation Agreements has been modified to reflect that the rates, charges, and surcharges to be paid by the Projects' Shippers to Tennessee for transportation service will commence upon the effective date of the applicable Gas Transportation Agreement (as opposed to the Commencement Date, as stated in the Pro Forma Agreement). Although this language may be deemed to be non-conforming, the language in this section of the Gas Transportation Agreements reflects language that was included in the Pro Forma Agreement in effect prior to the changes implemented by Tennessee on December 1, 2017.³⁰
- d. Section 11.1 of the Gas Transportation Agreements has been modified to reflect that the Projects' Shippers warrant that all upstream and downstream transportation arrangements are in place, or will be in place, as of the requested

³⁰ See 161 FERC ¶ 61,236.

effective date of service (as opposed to the Commencement Date, as stated in the Pro Forma Agreement). Although this language may be deemed to be non-conforming, the language in this section of the Gas Transportation Agreements reflects language that was included in the Pro Forma Agreement in effect prior to the changes implemented by Tennessee on December 1, 2017.³¹

- e. Section 12.1 of both the CMA Gas Transportation Agreement and the Holyoke Gas Transportation Agreement contain non-conforming language. Section 12.1 of the CMA Gas Transportation Agreement has been modified to reflect that firm transportation service to be provided under the agreement will commence on the 2018 Commencement Date (as defined in Section 2.2 of the CMA Gas Transportation Agreement), and will remain in effect until the expiration of twenty years following the 2018 Commencement Date (defined as the “Primary Term”) and on a month-to-month basis thereafter unless terminated by either party upon at least 30 days prior written notice to the other party. Section 12.1 of the Holyoke Gas Transportation Agreement has been modified to reflect that firm transportation service to be provided under the agreement will commence on the Commencement Date (as defined in Section 2.2 of the Holyoke Gas Transportation Agreement), and will remain in effect until the expiration of twenty years following the Commencement Date (defined as the “Primary Term”) and on a month-to-month basis thereafter unless terminated by either party upon at least 30 days prior written notice to the other party. The Pro Forma Agreement implemented on December 1, 2017 provides Tennessee and a shipper with the flexibility to define the commencement date(s) of service in Section 1.3, and

³¹ *See id.*

Section 12.1 of the Pro Forma Agreement provides that the agreement is effective as of the date of execution and the service commences on the commencement date (as defined in Section 1.3). Section 12.1 of the Pro Forma Agreement also includes a fill-in-the-blank section permitting Tennessee and a shipper to define the Primary Term by filling in the information relevant to a specific agreement. Certain language in this section of the Gas Transportation Agreements reflects language that was included in the Pro Forma Agreement in effect prior to the changes implemented by Tennessee on December 1, 2017.³²

- f. The Holyoke Gas Transportation Agreement contains non-conforming language in Article XVI, Transporter Conditions Precedent, and Article XVII, Shipper Conditions Precedent, to address certain conditions precedent to the agreement between Holyoke and Tennessee that must be satisfied. Article XVI provides Tennessee with the right to terminate the Holyoke Gas Transportation Agreement if such conditions are not satisfied, and Article XVII provides Holyoke with the right to terminate the Holyoke Gas Transportation Agreement if such conditions are not satisfied. The Pro Forma Agreement does not contain such provisions. Tennessee and Holyoke did not enter into a precedent agreement following the Open Season but rather elected to enter directly into a transportation service agreement. These provisions were necessary in order to ensure that the Holyoke Gas Transportation Agreement fully reflects the commercial intent of the parties.
- g. The Holyoke Firm Transportation Agreement contains non-conforming language in Article XIX, Elimination of Non-Conforming Provisions, which provides that Tennessee and Holyoke may execute an amendment to the agreement upon the

³² See *id.*

satisfaction or completion of any condition precedent included in the agreement, which omits the conditions precedent that are satisfied or completed while leaving the remaining provisions of the agreement unchanged. The Pro Forma Agreement does not contain this provision. The language in Article XIX reflects the inclusion of Articles XVI and XVII, discussed above, and the incorporation of conditions precedent into the Holyoke Gas Transportation Agreement.

- h. The CMA Gas Transportation Agreement contains Article XVI, Creditworthiness, to reflect the creditworthiness provisions applicable to CMA, which provisions were also included in the CMA Precedent Agreement. The Holyoke Gas Transportation Agreement contains Article XVIII, Creditworthiness, to reflect the creditworthiness provisions applicable to Holyoke. Consistent with the Commission's *Policy Statement on Creditworthiness for Interstate Natural Gas Pipelines and Order Withdrawing Rulemaking Proceeding*,³³ the Gas Transportation Agreements include creditworthiness provisions that require each Project Shipper to meet certain objective creditworthiness standards, or to provide Tennessee with credit support in the form of a guaranty, letter of credit or a cash security deposit.³⁴ Section 6.4 of the Pro Forma Agreement contains optional language permitting Tennessee and a shipper to include language cross-referencing the credit support provisions agreed to by Tennessee and a shipper in

³³ 2001-2005 FERC Stats. & Regs., Regs. Preambles ¶ 31,191, at PP 17-20 (2005) (permitting larger collateral requirements from initial shippers in cases of new construction and requiring issues relating to such collateral to be determined in precedent agreements). Tennessee will be constructing the new Longmeadow Meter Station pursuant to automatic authority under its blanket construction certificate in order to provide additional transportation service to CMA commencing November 1, 2019, and the Projects' facilities, as discussed in this application, in order to provide service to CMA and Holyoke commencing November 1, 2020.

³⁴ The creditworthiness provisions in the CMA Gas Transportation Agreement were also included in the precedent agreement between Tennessee and CMA. The precedent agreement with CMA will terminate on the 2020 Commencement Date, once the Projects' facilities are placed in service.

a precedent agreement or similar agreement to the service agreement, thus providing the parties with the flexibility to incorporate those credit support provisions in the service agreement without making the service agreement non-conforming. Since the credit support provisions were directly incorporated in the Gas Transportation Agreements, rather than cross-referenced to a precedent agreement, these provisions may be deemed non-conforming.

- i. Exhibit A of the CMA Gas Transportation Agreements reflect certain contractual right-of-first-refusal (“ROFR”) provisions³⁵ in the fill-in-the-blank section for other provisions that are described in Article XXXVI of the GT&C of Tennessee’s Tariff. The Commission, in a prior Tennessee proceeding, found that a contractual extension right before the agreement becomes effective, is not provided for in Article XXXVI of the GT&C of Tennessee’s Tariff,³⁶ and therefore such provision is non-conforming in nature.³⁷ However, the Commission ultimately concluded the extension right is permissible since these types of non-conforming provisions “may be necessary to reflect the unique circumstances involved with the construction of new infrastructure and to provide the needed security to ensure the viability of a project.”³⁸ By executing the Gas Transportation Agreements containing these provisions, CMA and Holyoke have

³⁵ CMA and Holyoke each have a one-time contractual right to extend the Primary Term of their respective Gas Transportation Agreements up to one hundred percent of the contract quantities for up to ten years (“Extended Term”) at the lower of the negotiated rate in effect on the last day of the Primary Term or the applicable general system maximum recourse rate set forth in Tennessee’s Tariff in effect on the last day of the Primary Term, subject to at least a twenty-four (24) months prior written notice to be provided by each Project Shipper to Tennessee prior to the end of the Primary Term.

³⁶ Article XXXVI of the GT&C of Tennessee’s Tariff permits Tennessee to negotiate contractual extension rights and ROFR provisions with discount and negotiated rate shippers that would not otherwise be eligible for extension or ROFR rights under Article V, Section 4.1 of the GT&C and to include such provision(s) in Exhibit A to the service agreement.

³⁷ *Tenn. Gas Pipeline Co., L.L.C.* 161 FERC ¶ 61,265, at P 42 (2017).

³⁸ *Id.* at P 43.

each provided the required financial support for the Projects. Absent these contractual commitments, the Projects would not proceed. Since the Projects' Shippers have provided the contractual support to make the construction of the Projects possible, it is reasonable that the Projects' Shippers be provided the contractual ROFR provisions discussed above. These provisions were an integral part of the arrangements under which the Projects' Shippers agreed to provide contractual support for the Projects. For these reasons, the proposed contractual ROFR provisions are not unduly discriminatory.

- j. Exhibit A of the Gas Transportation Agreements also includes a contractual ROFR provision enabling each Project Shipper to extend their respective Gas Transportation Agreements beyond the Extended Term, in accordance with the procedures set forth in Article IV, Section 4.1 of the GT&C of Tennessee's Tariff. The Commission, in a prior Tennessee proceeding, found that such contractual ROFR provision is consistent with Article XXXVI of the GT&C of Tennessee's Tariff, and therefore such provision is a permissible conforming provision that are not material deviations.³⁹
- k. Exhibit A of the CMA Gas Transportation Agreement also includes a provision under the heading "Other Provisions" requiring Tennessee to maintain minimum delivery pressures at two of CMA's primary delivery points, Lawrence (commitment to maintain a minimum delivery pressure of 225 pounds per square inch, gauge ("psig")) and Agawam (commitment to maintain a minimum delivery

³⁹ *Id.* at P 41.

pressure of 300 psig).⁴⁰ CMA requested this provision in order to increase the reliability and efficiency of its distribution system, particularly in the winter season when transportation capacity is often constrained in the northeast and system pressures can be lower than pressures on an average date due to the substantial increases in weather-driven demand. The delivery pressure commitments conform with Tennessee's Tariff⁴¹ and are consistent with Commission precedent.⁴² Holyoke did not request a minimum pressure commitment in its Gas Transportation Agreement. Tennessee was prepared to offer the same minimum pressure commitment to any other similarly situated potential shipper who submitted a qualifying bid in the open season and requested a minimum pressure commitment, but no other shipper submitted such a bid. This minimum pressure requirement will allow CMA to meet its delivery obligations to customers on its distribution system without presenting any risk of undue discrimination.

Since the Gas Transportation Agreements were prepared based on a prior version of the Pro Forma Agreement, the Gas Transportation Agreements contain other minor, non-substantive deviations from the text of the current Pro Forma Agreement in the Introduction Section; Sections 1.1, 6.1, 6.3, 9.2, 11.1, 12.2, 15.3, and 15.4; Articles I, III, IV, V, VI, VII, VIII, X, and XIII; signature block; and Exhibit A of the Gas Transportation Agreements. These deviations

⁴⁰ As described in Exhibit A, the minimum pressure commitments are subject to certain conditions. Further, Exhibit A, consistent with Article XII, Section 5 of the GT&C of Tennessee's Tariff (which provides for reservation charge credits due to Tennessee's inability to deliver gas from a primary receipt point to a primary delivery point), describes that the remedy for Tennessee's inability to maintain the pressure commitments at the two delivery points is limited to reservation charge credits.

⁴¹ See Article X, Section 1 of the GT&C of Tennessee's Tariff, which allows Tennessee to make deliveries at a shipper's designated delivery points as nearly as practicable to Tennessee's line pressure, provided that the minimum pressure is stated in the shipper's transportation agreement and is not less than 100 psi.

⁴² *Tenn. Gas Pipeline Co.*, 137 FERC ¶ 61,125, at P 10 (2011) (finding that Tennessee's Tariff allows Tennessee to negotiate the pressure at which it delivers gas to its shippers).

are redlined in the Gas Transportation Agreements provided in Exhibit I to this application. These minor deviations are not material deviations because they do not affect the substantive rights of the Projects' Shippers or the quality of service to the Projects' Shippers or other shippers under Tennessee's Tariff, nor do they constitute a substantial risk of undue discrimination against other shippers.

2. The Provisions in the Gas Transportation Agreements Are Not Unduly Discriminatory

Each of the non-conforming provisions described above are permissible because they do not present a substantial risk of undue discrimination.⁴³ These deviations simply reflect certain facts about the Projects, including the fact that the service under the Gas Transportation Agreements cannot be provided until necessary authorizations are received and the Projects' facilities are constructed and placed in service.⁴⁴ In addition, certain of the deviations were the result of the Gas Transportation Agreements reflecting language from the Pro Forma Agreement in effect prior to the implementation of the changes in the Pro Forma Agreement on November 1, 2017, as discussed above. The Commission has consistently pre-approved non-conforming provisions in certificate proceedings where the provisions are necessary to address the unique circumstances involved with the construction on new infrastructure and do not affect the operational conditions of providing service.⁴⁵ Each non-conforming provision described above

⁴³ See *Columbia Gas Transmission*, 131 FERC ¶ 61,080, at P 6 (2010) (citing *Columbia Gas Transmission, LLC*, 97 FERC ¶ 61,221 (2001); *ANR Pipeline Co.*, 97 FERC ¶ 61,224, (2001)).

⁴⁴ As discussed above, transportation service for CMA commencing on the 2018 Commencement Date (and on the 2019 Commencement Date) is not subject to the authorizations requested in this application. Tennessee, contemporaneously with the submittal of this application, is submitting the CMA Gas Transportation Agreement as part of a negotiated rate/non-conforming agreement filing for firm transportation service of 50,000 Dth/day commencing on November 1, 2018 under that agreement.

⁴⁵ The provisions in the Gas Transportation Agreements that differ from the Pro Forma Agreement are similar to those contained in the service agreements between Tennessee and certain other expansion project shippers, which provisions the Commission did not find to constitute unacceptable material deviations. See *Tenn. Gas Pipeline Co.*, 140 FERC ¶ 61,120, at P 25 (2012); *Tenn. Gas Pipeline Co.*, 139 FERC ¶ 61,161, at P 37 (2012), *order on reh'g, clarification, and stay*, 142 FERC ¶ 61,025 (2013); *Tenn. Gas Pipeline Co.*, 136 FERC ¶ 61,173, at P 43 (2011);

is available for review in the public versions of the Gas Transportation Agreements filed with this application.⁴⁶ Therefore, Tennessee requests that the Commission review and approve these publicly-filed, non-conforming provisions in this certificate proceeding.

VIII. **ENVIRONMENTAL IMPACT**

As discussed above, the Projects consist of the construction of approximately 2.1 miles of pipeline looping, which, to the extent practicable and legally permitted, will generally be located parallel and adjacent to Tennessee's existing 200 Line ROW and other utility and transportation corridors, as well as removal and replacement activities at CS 261 that will occur within the existing operational footprint of CS 261.

Tennessee proposes to locate the new pipeline loop adjacent to its existing 261BP-100 pipeline and 261B-100 pipeline in order to maximize use of previously disturbed ROW and to minimize the need to disturb new ROW and potentially affect new landowners. Tennessee has acquired, or will acquire, all the required additional permanent ROW and temporary workspaces needed for the construction and operation of the pipeline loop. Where Tennessee was not able to locate the proposed pipeline loop within Tennessee's existing pipeline corridors, it was primarily due to the path of a proposed horizontal directional drill and efforts to minimize impacts to residences and other developments. Tennessee is proposing to locate those portions of the pipeline loop, to the extent feasible, with other existing utility and transportation corridors. During construction, a nominal construction workspace totaling 75 feet in width will be required. The construction workspace and permanent easement for the proposed loop does overlap, in

Tenn. Gas Pipeline Co., 131 FERC ¶ 61,140, at P 37 (2010); *Tenn. Gas Pipeline Co.*, 89 FERC ¶ 61,129, at p. 61,364 (1999), *reh'g denied*, 2015 Settlement, 92 FERC ¶ 61,009 (2000), *Cent. N.Y. Oil & Gas Co.*, 94 FERC ¶ 61,194, at p. 61,709 (2001). *See also* *Tenn. Gas Pipeline Co.*, Letter Order, Docket Nos. RP96-312-009 and GT98-19-000 (Mar. 13, 1998).

⁴⁶ *See* *Tenn. Gas Pipeline Co.*, 150 FERC ¶ 61,160, at P 44 (2015) (finding that pre-approval of non-conforming provisions is only appropriate where those provisions have been identified in the public version of the filing).

certain areas, with existing Tennessee permanent ROW, as depicted on the alignment sheets included in Appendix 1A to Resource Report 1.

Tennessee has engaged in a comprehensive landowner and community outreach process for the Projects to ensure that affected landowners; federal, state, and local governmental officials; federal, state, and local regulatory agencies; and other interested groups are informed about the Projects and potential impacts, and has also used the process to gather information from stakeholders to assist in the development of the Projects, including avoidance and/or minimization of impacts. Tennessee has met with governmental officials in advance of or simultaneously with landowner discussions, in an effort to identify and potentially resolve issues raised by stakeholders in a timely fashion. In addition to the outreach process with governmental officials, Tennessee representatives have met with and/or provided information regarding the Projects to affected federal, state, and local regulatory agencies, including:

Federal: U.S. Fish and Wildlife Service, New England Field Office; U.S. Army Corps of Engineers, New England District; Environmental Protection Agency, Region 1, Office of Environmental Stewardship

Massachusetts: Massachusetts Department of Environmental Protection - Western Region; Massachusetts Department of Environmental Protection - Bureau of Air and Waste; Natural Heritage & Endangered Species Program; State Historic Preservation Office, Massachusetts Historical Commission; Executive Office of Energy and Environmental Affairs - Massachusetts Environmental Policy Act Office

Connecticut: Connecticut Department of Energy and Environmental Protection - Inland Water Resources Division; Connecticut Department of Energy and Environmental

Protection - Connecticut Natural Diversity Data Base; Connecticut State Historic Preservation Office

Tennessee will continue to engage in consultations and coordination with these regulatory agencies, as well as with federal, state, and local government officials.

Even though Tennessee did not request use of the Commission's National Environmental Policy Act pre-filing procedures for the Projects, Tennessee developed a significant record of environmental information regarding the Projects that has been incorporated into the Environmental Report for the Projects. The Environmental Report, provided in Exhibit F-I to this application, has been prepared in accordance with Part 380 of the Commission's regulations, 18 C.F.R. Part 380 (2018), and in accordance with the Commission's Office of Energy Project's "Guidance for the Preparation of Environmental Reports."⁴⁷

The Environmental Report, which details the anticipated impacts associated with the construction of the Projects, is comprised of the following resource reports:

Resource Report 1, General Project Description: This resource report provides a general description of the Projects, including maps showing the pipeline loop alignment/ROW, and CS 261 location. This report also includes an explanation of the construction methods that will be used for installing the Projects' facilities. The report also provides a comprehensive overview of the cumulative impacts associated with the Projects to support an informed decision by the Commission.

Resource Report 2, Water Use and Quality: This resource report provides a summary of wetlands, waterbodies, water quality, and water use in the Projects' area, and also

⁴⁷ Federal Energy Regulatory Commission, *Guidance Manual for Environmental Report Preparation: For Applications Filed Under the Natural Gas Act* (Feb. 2017), <https://www.ferc.gov/industries/gas/enviro/guidelines/guidance-manual-volume-1.pdf>.

includes construction procedures, impact mitigation, and restoration methods that Tennessee will implement during water crossings for the pipeline loop.

Resource Report 3, Fish, Wildlife, and Vegetation: This resource report describes the wildlife, vegetation, and fishery resources in the Projects' area, potential impacts from construction and facility operation on these resources, and proposed methods to reduce and mitigate impacts on these resources.

Resource Report 4, Cultural Resources: This resource report provides a discussion of existing cultural resources within the Projects' area. Copies of correspondence with agencies and stakeholders related to cultural resources are provided as part of the report.

Resource Report 5, Socioeconomics: This resource report describes the existing socioeconomic conditions that will be affected by the Projects and the proposed impact on those conditions, including expected benefits.

Resource Report 6, Geological Resources: This resource report describes the geological resources crossed by the Projects, including potential impacts of the Projects on these resources and proposed mitigation measures to reduce the impact of the Projects on these resources and/or reduce the impact of geological hazards on the proposed facilities.

Resource Report 7, Soils: This resource report identifies the soils affected by the Projects, the potential impacts of the Projects on soil resources, and mitigation measures proposed to control soil erosion and sedimentation in order to minimize soil impacts.

Resource Report 8, Land Use, Recreation, and Aesthetics: This resource report characterizes the land use in areas affected by the Projects, identifies potential construction and operation impacts on those uses, and addresses mitigation measures that

will be used to minimize or avoid these impacts. Generally, the Projects will not have any significant adverse effects on such resources, and mitigation measures are proposed to reduce the effects of any unavoidable impacts.

Resource Report 9, Air and Noise Quality: This resource report includes the air and noise impact analyses associated with the construction and operation of the Projects, including proposed noise control treatments at CS 261.

Resource Report 10, Alternatives: This resource report includes a detailed needs and alternative routing analysis conducted for the Projects, and demonstrates that the proposed facility locations meet the Projects' purpose and need within the constraints of existing federal law, while minimizing adverse impacts to landowners and the environment. Resource Report 10 identifies and analyzes several alternatives to the Looping Project and the HP Replacement Project, and also identifies several route deviations for the pipeline loop that have been adopted by Tennessee to reduce impacts to landowners, avoid structures, and minimize environmental impacts.

Resource Report 11, Reliability and Safety: This resource report addresses the reliability and safety aspects associated with the Projects. As discussed in more detail in this resource report, Tennessee's design, construction, operations, safety, and security measures for the Projects' facilities comply with the requirements of the U.S. Department of Transportation ("DOT") "Transportation of Natural Gas or Other Gas by Pipeline, Minimum Federal Safety Standards," 49 C.F.R. Part 192. In addition, Tennessee augments the DOT regulations with its own design and operating procedures.

Resource Report 12, PCB Contamination: This resource report is not applicable to the Projects because the proposed construction activities do not involve polychlorinated

biphenyls (PCBs). However, Tennessee has included the report to affirm its compliance with Section 380.12(n) of the Commission's regulations. 18 C.F.R. § 380.12(n) (2018).

Resource Report 13, Engineering and Design Material: This resource report is not applicable to the Projects because the Projects do not involve any liquefied natural gas facilities.

Unless otherwise authorized through a variance granted by the Commission, Tennessee will comply with the Commission's Upland Erosion Control, Revegetation and Maintenance Plan (May 2013 version) and the Commission's Wetland and Waterbody Construction and Mitigation Procedures (May 2013 version), and will incorporate these documents in an Environmental Construction Management Plan for the Projects. Tennessee will incorporate proven construction practices and mitigation procedures as part of the Projects. Consequently, the Projects will not result in a significant adverse effect on the human environment.

The attached Exhibit J, Federal Authorizations, provides the required list of federal permitting agencies and federal authorizations required for the Projects. The consultations and permitting processes are more fully described in the enclosed Environmental Report, set forth in Exhibit F-1 to this application. Tennessee, in conjunction with Commission Staff, will continue to work with stakeholders to resolve any environmental issues throughout the certificate process.

Tennessee has established a toll-free phone number (1-866-775-5788) to address any concerns raised by landowners or other interested parties before, during, and after construction of the Projects. In addition, Tennessee has created a website for the Projects (https://www.kindermorgan.com/pages/business/gas_pipelines/east/tgp/261_upgrade.aspx). This website will be updated periodically as new information about the Projects becomes available.

As set forth in the Environmental Report, Tennessee will comply with the Commission's landowner requirements at Section 157.6(d) of the Commission's regulations, 18 C.F.R. § 157.6(d)(2018). A list of affected landowners is included in Volume IV of this application. Lists of affected regulatory agencies and governmental officials are included in Volume II of this application. Tennessee, within three business days following the Commission's issuance of a notice of this application, will mail the required notification letter to each affected landowner, town, community, and federal, state, and local governments and agencies involved in the Projects.⁴⁸ Further, within three business days after the Commission assigns a docket number for this application, an electronic copy of the certificate application will be made available for inspection in centrally located public libraries in the counties across the Projects' area. Within fourteen days after the Commission assigns a docket number to this application, a notice that this application has been filed with the Commission will be published twice in newspapers of general circulation in each county in which the Projects are located.

IX. **PUBLIC CONVENIENCE AND NECESSITY**

Tennessee's proposal to construct the Projects is consistent with the public convenience and necessity standard of Section 7 of the NGA and the Commission's Policy Statement. In accordance with the requirements of the Commission's Policy Statement, the public benefits realized by construction of the Projects outweigh the minimal adverse impacts.

The Policy Statement establishes criteria for determining whether there is a need for a proposed project and whether that proposed project will serve the public interest. In deciding whether to authorize the construction of a project, the Commission balances the public benefits against the potential adverse consequences. The Commission's goal in evaluating new pipeline

⁴⁸ Within thirty days after the application filing date, Tennessee will file an updated list of affected landowners, including information concerning any notices that were returned as undeliverable.

construction is to give appropriate consideration to the enhancement of competitive transportation alternatives, the possibility of overbuilding, subsidization by existing customers, the applicant's responsibility for unsubscribed capacity, the avoidance of unnecessary disruptions of the environment, and the unneeded exercise of eminent domain.⁴⁹

Pursuant to the Policy Statement, the threshold question in establishing the public convenience and necessity for a project is whether that project can proceed without subsidies from existing customers. When the threshold requirement that a project be independently economically viable is met, the Commission then assesses adverse effects on three interests: (1) existing customers of the pipeline proposing the project, (2) existing pipelines in the vicinity and their customers, and (3) landowners and communities affected by the project. If residual adverse effects on these groups of interested or affected parties are identified after efforts have been made to minimize them, the Commission will evaluate the proposed project by balancing the evidence of public benefits to be achieved against these residual effects. As set forth below, the Projects meet the threshold requirement and the additional tests set forth in the Policy Statement.

1. No Subsidization by Existing Shippers

Pursuant to the Policy Statement, an applicant must not rely on subsidies by existing customers to support proposed construction on behalf of incremental markets.⁵⁰ The proposed construction and modification of the Projects' Market Component facilities meets the Commission's threshold requirement as no subsidies are necessary to support the proposed construction. The cost of the Projects' Market Component facilities is supported by long-term commitments from the Projects' Shippers, which have subscribed to a substantial portion of the transportation capacity to be created by these facilities under the executed CMA Precedent

⁴⁹ Policy Statement, 88 FERC ¶ 61,227 at pp. 61,747-49.

⁵⁰ Id. at p. 61,746.

Agreement and CMA Gas Transportation Agreement, and the executed Holyoke Gas Transportation Agreement.

Tennessee is not seeking to change its existing general system rates for transportation service on its existing pipeline system and is proposing separate incremental recourse rates for transportation service on the Projects' Market Component facilities. Further, Tennessee will be at-risk for any remaining unsubscribed capacity related to the Projects' Market Component facilities. Please see Exhibit K and Exhibit N to this application, regarding the costs and revenues associated with the Projects' Market Component facilities.

2. No Adverse Impact on Tennessee's Existing Customers

The construction of the Projects will not adversely affect Tennessee's existing customers because the Projects will not degrade any service currently provided to existing customers. In addition, Tennessee is proposing no changes to its Tariff in this proceeding or to its existing general system rates for transportation service on its existing pipeline system since separate incremental recourse rates for transportation service on the Projects' Market Component facilities are proposed in the instant proceeding.

The Projects will allow Tennessee to meet the Projects' Shippers' transportation requirements, as well as the CMA pressure requirements, without any adverse impact to Tennessee's existing customers. Exhibits G and G-II, attached to this application, provide flow diagrams and data demonstrating that the Projects will have no adverse operational impact on service provided to Tennessee's existing customers.

3. Other Pipelines in the Market and Their Customers

The construction of the Projects will not adversely impact existing pipelines and their customers because the Projects are not intended to replace existing customers' service on any

other existing pipeline, but rather will allow Tennessee to meet the needs for additional firm transportation capacity requested by the Projects' Shippers. The construction of the Projects will assist with the Commission's goal of providing more natural gas to markets by providing access to natural gas supplies to markets in the northeastern United States, which are heavily constrained.⁵¹

4. Impact on Landowners and Communities

Tennessee has designed the Projects in a manner that will minimize the impact on landowners and the environment. The Commission has recognized that every natural gas pipeline construction project will cause some short-term impacts to landowners.⁵² In order to reduce impacts from the Looping Project, to the extent it is practicable, the majority of the proposed new pipeline loop will be constructed on land adjacent to existing, maintained Tennessee ROWs, or other utility and transportation corridors. Tennessee will seek to acquire necessary temporary and permanent workspaces and ROWs by negotiation where possible to minimize reliance on eminent domain. The HP Replacement Project is located wholly within the existing fenceline of Tennessee's CS 261 and will not impact other landowners and communities.

As discussed more fully in the Environmental Report, attached as Exhibit F-I to this application, Tennessee considered alternatives for the proposed facilities and selected the proposed pipeline loop route and compression facilities because they would offer the least impact to the environment and were legally permitted. Tennessee designed its proposed facilities in a manner that will minimize the impact on landowners and the environment.

⁵¹ See generally ISO-New England, Operational Fuel-Security Analysis (Jan. 17, 2018), https://www.iso-ne.com/static-assets/documents/2018/01/20180117_operational_fuel-security_analysis.pdf (discussing natural gas pipeline constraints in the Northeast and impacts on fuel security).

⁵² Policy Statement, 88 FERC ¶ 61,227, at pp. 61,747-48. See also *Minisink Residents for Envtl. Pres. and Safety v. FERC*, 762 F.3d 97, 112 (D.C. Cir. 2014).

Resource Report 10, included in the Environmental Report attached as Exhibit F-I to this application, describes the system and routing alternatives that Tennessee evaluated for the Projects, including system alternatives and configuration alternatives. After a detailed analysis of these alternatives, which focused on meeting the purpose and need for the Projects while balancing other critical factors, including environmental resources, engineering and constructability constraints, landowner impacts, and costs, Tennessee determined that the proposed Projects minimize adverse impacts on landowners and the environment to the greatest extent practicable.

5. Balancing Public Benefits with Residual Impacts

As noted above, the final step under the Policy Statement is to balance the public benefits of a project with any residual adverse impacts on existing customers, existing pipelines serving the markets, and landowners. In the Policy Statement, the Commission recognized that if an applicant has precedent agreements or other contracts for most of the new capacity, then that would be strong evidence of market demand and public benefits which would outweigh the limited need to obtain new ROWs.⁵³

As demonstrated by the long-term firm transportation commitments from CMA and Holyoke, which have subscribed for a majority of the additional transportation capacity that will be created by the Market Component of the Projects, there is demonstrable market demand for the Projects. Upon completion of the Projects, Tennessee will provide incremental long-term firm transportation service to the Projects' Shippers, transporting up to 45,400 Dth per day of natural gas to northeast U.S. markets.

⁵³ Policy Statement, 88 FERC ¶ 61,227 at p. 61,749. *See also, Transcon. Gas Pipe Line Corp.*, 98 FERC ¶ 61,155 at p. 61,552 (2002).

In addition to meeting the needs of the Projects' Shippers, the new compressor unit to be installed at CS 261 will create approximately 27,000 Dth/day of additional incremental firm transportation capacity on Tennessee's pipeline system to markets in western Massachusetts. In developing the Projects to meet the needs of the Projects' Shippers, Tennessee recognized the opportunity to better serve the regional need for natural gas and the corresponding need for additional natural gas transportation capacity by maximizing the horsepower replacement at CS 261 within its existing infrastructure, resulting in minimal environmental impacts. Additionally, Tennessee will be able to achieve certain economies of scale and efficiencies because certain facilities to be installed as part of the Projects will be shared between the Market Component and the Replacement Component of the Projects.

By installing the new Solar Taurus 70 compressor unit within an existing building at CS 261, Tennessee will be able to meet the transportation capacity and pressure needs of its Projects' Shippers (and replace the horsepower of two older, less efficient compressor units with a new, more efficient compressor unit), while also creating incremental transportation capacity to benefit the New England region. This region often experiences a shortage of gas transportation capacity, especially in the winter during critical periods of peak heating demand, resulting in higher gas prices in New England.⁵⁴ The New England region continues to experience a dramatic shift in the energy mix for power generation from coal and oil to natural gas. Since 2013, more than 4,600 megawatts of power generation supplied by coal and oil has been retired or has been announced to be retired in the coming years, resulting in a power generation fleet

⁵⁴ Algonquin Citygate and Transco Zone 6 trading hubs, serving Boston and New York City, respectively, reached record level gas prices of approximately \$83 per MMBtu and \$140 per MMBtu, respectively. Energy Information Administration, *Winter Fuels Market Update Presentation* at 10 (Jan. 5, 2018), https://www.eia.gov/special/heatingfuels/resources/Winter_Fuels_Update_180105.pdf.

that is primarily supplied by natural gas.⁵⁵ The incremental transportation capacity to be created by the Projects will assist in addressing the changed power generation market in New England. This is a unique opportunity to not only meet the Projects' Shippers' stated needs, but also to provide incremental transportation capacity on a long-term basis into the already-constrained New England region, as Tennessee plans to market this incremental capacity pursuant to the terms of its Tariff.

Given the foregoing, the Projects are in the public convenience and necessity and should be approved by the Commission. The Projects are fully consistent with the criteria set forth in the Commission's Policy Statement. Existing shippers will not subsidize the Projects as CMA and Holyoke have subscribed to a majority of the transportation capacity to be created by the Market Component of the Projects. Further, no adverse operational impacts to existing customers or to existing pipelines and their customers have been identified. Tennessee has also reduced adverse impacts to the greatest extent possible. As demonstrated in this application, the public benefits of the Projects far outweigh any potential residual adverse effects.

For the same reasons described above, Tennessee's proposal under Section 7(b) of the NGA to abandon by removal two compressor units at CS 261, as discussed above, along with an emergency generator from an existing control building, coolers, air compressor, auxiliary equipment, and related piping, is in the public convenience and necessity. Section 7(b) of the NGA provides that facilities may be abandoned upon a finding by the Commission "that the present or future public convenience or necessity permits such abandonment."⁵⁶ The proposed abandonment of the facilities at CS 261 will have no adverse impact on Tennessee's shippers

⁵⁵ ISO-New England, Presentation by Peter Brandien, Vice President, System Operations for ISO New England, *ISO New England Identifies Growing Fuel-Security Risk as the Power System Undergoes Rapid Transformation*, at 7 (Apr. 4, 2018), https://www.northeastgas.org/pdf/p_brandien_040418.pdf.

⁵⁶ 15 U.S.C. § 717f(b).

because the one 5,490 HP compressor unit and one 1,199 HP compressor unit to be removed and abandoned will be replaced by one new 11,107 HP compressor unit, with 6,689 HP used to replace the compressor units to be abandoned under the Replacement Component, and the remaining 4,418 HP used for the Market Component. The accounting treatment of the proposed abandonment is shown in Exhibit Y. Accordingly, the abandonment authorization requested herein is permitted and required by the public convenience and necessity under Section 7(b) of the NGA.

X. EXHIBITS

The following Table of Contents lists all of the exhibits and documents filed herein in compliance with Sections 157.5 through 157.18 of the Commission's regulations, 18 C.F.R. §§ 157.5 through 157.18 (2018). This is an abbreviated application which is filed pursuant to Section 157.7 of the Commission's regulations, 18 C.F.R. § 157.7 (2018). Pursuant to Section 157.7, Tennessee omitted exhibits and data that are inapplicable or unnecessary to disclose fully the nature and extent of the proposal herein. Tennessee respectfully submits that an abbreviated application is justified given the nature of its request and because the information presented herein is sufficient to provide a full and complete understanding of Tennessee's proposal and its effect upon Tennessee's present and future operations.

In accordance with Sections 157.14 and 157.18 of the Commission's regulations, 18 C.F.R. §§ 157.14 and 157.18 (2018), the following exhibits are submitted herewith, incorporated by reference or omitted for the reasons indicated:

TABLE OF CONTENTS

Exhibit A -- Articles of Incorporation and Bylaws

Submitted as Exhibit A to Tennessee's application in Docket No. CP15-77-000, filed January 30, 2015 and incorporated herein by reference.

Exhibit B -- State Authorizations

Submitted as Exhibit B to Tennessee's application in Docket No. CP16-4-000, filed October 9, 2015, and incorporated herein by reference.

Exhibit C -- Company Officials

Submitted herewith.

Exhibit D -- Subsidiaries and Affiliations

Submitted herewith.

Exhibit E -- Other Pending Applications and Filings

Omitted. Not applicable.

Exhibit F -- Location of Facilities

Submitted herewith in Exhibit F-1, Environmental Report, Volume I (Public).

Exhibit F-I -- Environmental Report

Submitted herewith in Volumes I and II (Public), Volume III (Critical Energy Infrastructure Information (Non-Public)), and Volume IV (Privileged and Confidential Information (Other Non-Public)), as defined in 18 C.F.R. § 388.113(c)(2018)). Accordingly, the information in Volumes III and IV is marked "CUI/PRIV - Contains Privileged Information - Do Not Release" or "CUI/CEII - Contains Critical Energy Infrastructure Information - Do Not Release", as applicable.

Exhibit G -- Flow Diagrams Showing Daily Design Capacity and Reflecting Operation with and without Proposed Facilities Added

Submitted herewith. Information for Exhibit G, included as part of Volume VI, is Critical Energy Infrastructure Information and is marked "CUI/CEII - Contains Critical Energy Infrastructure Information – Do Not Release."

Exhibit G-I -- Flow Diagrams Reflecting Maximum Capabilities

Exhibit G submitted herewith incorporates the Maximum Capabilities of the proposed facilities described herein. Therefore, a separate Exhibit G-I is omitted.

Exhibit G-II -- Flow Diagram Data

Submitted herewith. The information for Exhibit G-II is included as part of Volume VI and is marked "CUI/CEII - Contains Critical Energy Infrastructure Information - Do Not Release."

Exhibit H -- Total Gas Supply Data

Omitted. Gas supply data is not relevant to the proposed Projects.

Exhibit I -- Market Data

Submitted herewith. Exhibit I includes: (i) a full version of the CMA Precedent Agreement, submitted in Volume V (Privileged and Confidential) and marked as "CUI/PRIV - Contains Privileged Information - Do Not Release"; (ii) executed public versions of the Gas Transportation Agreements; and (iii) public versions of the Gas Transportation Agreements with the differences described herein shown in redline/strikeout format.

Exhibit J -- Federal Authorizations

Submitted herewith.

Exhibit K -- Cost of Facilities

Submitted herewith.

Exhibit L -- Financing

Omitted. The proposed facilities will be financed by Tennessee with funds on hand, funds generated internally, borrowing under revolving credit agreements, or short-term financing which will be rolled into permanent financing.

Exhibit M -- Construction, Operation, and Management

Omitted. The proposed facilities will be installed and modified by one or more independent pipeline construction firms or by Tennessee employees. The facilities will be operated and managed by Tennessee employees.

Exhibit N -- Revenues-Expenses-Income

Submitted herewith.

Exhibit O -- Depreciation and Depletion

Submitted herewith.

Exhibit P -- Tariff

Submitted herewith.

Exhibit T - Related Applications

Authorization to construct the facilities proposed to be abandoned herein was granted in:

Docket No. CP65-120-000, issued on March 30, 1965 (Solar Saturn compressor unit, ISO rated at 1,199 HP), and Docket No. CP90-639-000, issued on May 21, 1991 (Solar Centaur compressor unit, ISO rated at 5,490 HP)

Exhibit U - Contracts and Other Agreements

Omitted. Not applicable.

Exhibit V - Flow Diagram Showing Daily Design Capacity and Reflecting Operation of Tennessee's System after Abandonment

Omitted. The only abandonment authority sought herein is for the two compressor units that Tennessee is removing and replacing as part of the Projects. See the flow diagram provided in Exhibit G for the effect of the proposed Projects on Tennessee's system.

Exhibit W - Impact on Customers Whose Service Will Be Terminated

Omitted. Not applicable.

Exhibit X - Effect of Abandonment on Existing Tariffs

Omitted. Not applicable.

Exhibit Y- Accounting Treatment of Abandonment

Submitted herewith.

Exhibit Z-1 -- Auxiliary and Appurtenant Facilities

Submitted herewith.

Exhibit Z-2 -- Non-Disclosure (Form of Protective) Agreement

Submitted herewith

Exhibit Z-3 -- Capacity Reservation Notices, Open Season Notice, and Open Season Results Notice

Submitted herewith.

Exhibit Z-4 -- Fuel Study

Submitted herewith.

XI.
MISCELLANEOUS

Included with this filing is a form of notice suitable for publication in the *Federal Register*, as required by Section 157.6(b)(7) of the Commission's regulations, 18 C.F.R. § 157.6(b)(7) (2018).

In accordance with Section 385.2011 of the Commission's regulations, 18 C.F.R. § 385.2011 (2018), included with this filing are compact discs containing the filing (public information) in electronic form. The undersigned submits that the paper copies of this application contain the same information as the electronic media, that the undersigned has read and knows the content of the paper copies and electronic media, that the contents as set forth in the paper copies and the electronic media are true to the best knowledge and belief of the undersigned, and that the undersigned is authorized to sign this filing pursuant to Section 157.6(a)(4) of the Commission's regulations, 18 C.F.R. § 157.6(a)(4) (2018).

XII.
CONCLUSION

WHEREFORE, Tennessee respectfully requests that the Commission issue an order granting (1) the requested certificate authority under NGA Section 7(c) and abandonment authority under NGA Section 7(b) authorizing Tennessee to construct, install, modify, abandon, operate, and maintain the proposed facilities associated with the Projects, as described herein; (2) approval of Tennessee's proposed incremental recourse rates under Rate Schedule FT-A for transportation service through the Market Component facilities and approval to roll in the fuel costs associated with the Market Component facilities and the costs of the Replacement Component facilities; and (3) a determination that no provision of the CMA Gas Transportation Agreement and the Holyoke Gas Transportation Agreement is unduly discriminatory, even if certain of the contractual provisions are construed to constitute a material deviation from Tennessee's Pro Forma Agreement.

Tennessee respectfully requests expedited review of this application and the issuance of these requested authorizations by November 1, 2019 in order to permit Tennessee to complete and place the Projects in-service no later than November 1, 2020, the in-service date requested by CMA and Holyoke. Tennessee may seek earlier clearing, construction, and in-service authorizations to reduce schedule risk and meet market demands.

Tennessee also requests that this application be disposed of in accordance with the shortened procedures provided in Rules 801 and 802 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.801 and 385.802 (2018). Tennessee respectfully requests that the intermediate decision procedure be omitted and waives oral hearing. Finally, Tennessee requests that the Commission grant such other and further authorizations, relief, and/or waivers as the Commission deems necessary to enable Tennessee to perform the acts contemplated herein.

Respectfully submitted,

TENNESSEE GAS PIPELINE COMPANY, L.L.C.

By: /s/ Ben J. Carranza

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