

APPENDIX 1 - UNDERGROUND STORAGE

APPLYING FOR A CERTIFICATE OF PUBLIC CONVENIENCE

AND NECESSITY UNDER SECTION 7 OF THE NATURAL GAS ACT

The United States Government has declared that the business of transporting and selling natural gas for ultimate distribution to the public should be regulated to ensure the public of a stable energy source. Therefore, Federal regulation in matters relating to the foreign and interstate transportation and sale of natural gas is necessary. The Federal Energy Regulatory Commission (FERC) was created within the Department of Energy to assess fairly the needs and concerns of all interests affected by Federal energy policy.

The provisions of the Natural Gas Act apply to the transportation of natural gas in interstate commerce, to the sale or resale of natural gas in interstate commerce for ultimate public consumption for domestic, commercial, or industrial use, and to natural gas companies engaged in such transportation or sale. The provisions do not apply to any other transportation, distribution, or sale of natural gas, to the facilities used for such distribution, or to the production or gathering of natural gas.

If the transportation or sale of natural gas in interstate commerce involves gas received by any person from another person within or at the boundary of a state for ultimate consumption within that state, then the provisions of the Act do not apply. This exemption also pertains to the facilities used for transportation or sale provided that such persons and facilities are subject to regulation by a state commission. A certification that such state commission has regulatory jurisdiction over rates and services must be presented to the Federal Energy Regulatory Commission.

A. APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

Applications under Section 7 of the Natural Gas Act shall include all

data and information necessary for a full and complete understanding of a proposed project. The effect of a proposed project upon the applicant's present and future operations must also be outlined. In addition, all applications previously filed for authorization to serve any portion of the market contemplated by the proposed project must be listed by docket number.

1. An original and seven copies of the application must be furnished to the Commission.
2. Application Contents. The application is to contain the following:
  - a. The legal name and business address of the applicant, whether an individual, partnership, or corporation, and the state under the laws of which organized or authorized.
  - b. The name, title, and mailing address of the person or persons to whom communications are to be addressed.
  - c. The facts and technical data supporting the assertion that the proposed project is vital to the welfare of the public.
  - d. A concise description of the applicant's existing operations and details concerning the proposed service, sale, operation, construction, extension, or acquisition. Construction and operation dates are also to be included.
  - e. A statement as to whether any supplemental applications have been or will be filed with any other Federal, State, or regulatory body; and if so, the nature and status of each application.
  - f. A table of contents listing all exhibits and documents filed in conjunction with the application.
  - g. A form or notice suitable for publication in the Federal Register which will briefly summarize the facts

contained in the application.

3. Abbreviated Applications. When the testing and development of an underground storage reservoir requires the construction and operation of natural gas pipeline and compression facilities, an abbreviated application for a budget-type certificate may be filed subject to the following restrictions.
  - a. The certificate will be valid for only three years.
  - b. Injected gas volumes restricted to 2,000,000 mcf per field and 10,000,000 mcf for all fields. The gas will be injected for testing purposes only during off-peak periods.
  - c. Further authorization by the Commission will be required before the developed storage field can be utilized to render service.
  - d. Total expenditures for the three year period cannot exceed \$3,000,000 or \$1,000,000 in any one year. Waivers may be granted when good cause is shown.
  - e. Within 60 days of the conclusion of each year of the three year budget period, a summary report must be filed for each project detailing the following:
    - description of the type of gas reservoir and the facilities constructed.
    - location and costs of the facilities.
    - estimates of the storage capacity and daily deliverability of each project including monthly volumes of gas injected and withdrawn.
  - f. If the reservoir to be tested and developed is an aquifer reservoir, then summary reports must be filed quarterly.
4. Deficient Applications. Filing of a deficient application will result in the issuance of a notice of deficiency. Applications not

amended within 20 days of the deficiency notice will be rejected.

5. Interventions and Protests. The applicant is required to furnish a copy of the application and any attachments to anyone who has filed a notice of intervention or petitioned for leave to intervene in the certification proceedings.
6. Dismissal of Application. When a hearing is scheduled as a result of intervention filings and protests, the applicant must go forward on the date set and present its full case in support of the application. Failure to do so will result in dismissal of the application.

C. EXHIBITS TO BE ATTACHED TO APPLICATIONS

1. Form of Exhibits. Each exhibit shall contain a title page showing applicant's name, docket number space, title of exhibit, letter designation of the exhibit, and a table of contents if the exhibit is 10 or more pages. All gas volumes shall be stated upon a basis of 14.73 psia.
2. Exhibits. Following is a listing of exhibits required for application for a certificate of public convenience and necessity for an underground storage project.
  - a. Articles of incorporation and bylaws.
  - b. State authorization. Statements are required for each state where applicant is authorized to do business.
  - c. A list of names and business addresses of applicant's officers and directors.
  - d. A detailed explanation of the applicant's or any of its officers' or directors' relationships with any person or organized group of persons involved in natural gas operations.

- e. A list of other applications and filings under Sections 1, 3, 4 and 7 of the Natural Gas Act filed by the applicant which are pending before the Commission.
- f. A geographical map showing all of the facilities to be constructed or acquired and existing facilities of the applicant. This map shall clearly show the relationship of the new facilities to the applicant's overall system and shall include:
  - the location, length, and size of pipelines.
  - location and size (rated horse power) of compressor stations.
  - connection points of existing and proposed facilities with distribution systems and sources of supply such as gas producing and storage fields.
- g. For areas where construction will not be on applicant's currently used rights-of-way or immediately adjacent thereto, a map or diagram must be submitted showing existing rights-of-way belonging to the applicant or others.
- h. If the proposed facility will be located in or routed through an area listed in the National Register of Historic Places or in the National Register of Historic Landmarks, the applicant shall list the Federal, State and local agencies which have been or will be consulted prior to construction. This also applies to disturbance of any officially designated park, scenic, wildlife, or recreational area.
- i. All applicants shall include a brief statement concerning the following factors:
  - the environmental impact of the proposed actions.
  - any adverse environmental effects which cannot be avoided

- should the proposal be implemented.
  - alternatives to the proposed action.
  - the relationship between local short-term uses of man's environment and the maintenance and enhancement of long term productivity.
  - any irreversible and irretrievable commitments of resources which would be involved in the proposed action should it be implemented.
- j. Flow diagrams reflecting the maximum deliverabilities that the applicant's existing and proposed facilities would be capable of achieving. These diagrams are to be accompanied by supporting engineering design data including assumptions and design parameters.
- k. A statement of total gas supply available to the applicant for the proposed services including the following:
- an estimate of remaining recoverable gas reserves available to the applicant.
  - deliverability studies detailing attainable natural gas volumes.
  - gas contract purchase agreement information for those contracts upon which the applicant proposes to rely. Copies of new contracts must be included. Contracts already on file with the Commission may be incorporated by reference without supplying additional copies.
  - a study of each proposed gas storage field showing location, geology, original and present reserves for each reservoir, pressure history for each reservoir, proposed working and

cushion gas volumes and pressures, a deliverability study including annual injection and withdrawal rates, and maximum storage capacities and deliverabilities under the proposed plan of development.

1. Market data including estimated gas delivery volumes for the first three years of operation of the proposed services.
- m. Information detailing construction costs, financing plans, service agreements, management plans, anticipated revenues and expenses, estimated depreciation and depletion allowances, and rate schedules.

#### D. FILING FEE TO ACCOMPANY APPLICATION

The applicant for a certificate of public convenience and necessity under Sections 7(c) and (e) of the Natural Gas Act will be assessed a filing fee of \$50.

#### E. INCREASES IN STORAGE CAPACITY

The holder of a certificate to operate a storage facility is authorized to increase the maximum volume of natural gas in storage provided that the new volume can be safely stored without the construction of new facilities.

1. Capacity expansion requests shall include the following:
  - a. The current and requested maximum storage capacity;
  - b. The current and requested maximum storage pressure;
  - c. Average depth of the storage formation;
  - d. Copies of any geologic or engineering studies demonstrating the feasibility of the proposed increase in storage volume;
  - e. A statement outlining the purpose of the proposed increased capacity.
2. Reporting Requirements. For capacity increases, the certificate holder is required to submit semi-annual reports until the requested

maximum storage capacity is reached. Thereafter, the reports shall continue on a semi-annual basis for one year. The following information is to be included in the report:

- a. Daily gas injection and withdrawal volumes.
- b. The volume of natural gas in the reservoir at the end of the reporting period.
- c. The maximum daily injection and withdrawal rate during the report period and the average reservoir pressure corresponding to those rates.
- d. Information concerning any gas leakage problems including the results of tracer surveys.
- e. Any gas well surveys and pressure measurements.
- f. Structure and isopachous contour maps showing the outline of that part of the reservoir occupied by gas. This map need not be filed if no changes have occurred since the previous filing.
- g. A discussion of current operating problems and conclusions.