

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

Trunkline Gas Company, LLC

Docket No. CP12-491-000

**MOTION FOR LEAVE TO ANSWER AND ANSWER OF
TRUNKLINE GAS COMPANY, LLC**

Pursuant to Rules 212 and 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. §§ 385.212 and 385.213 (2012), Trunkline Gas Company, LLC (“Trunkline”) hereby moves for leave to answer and answers the protests and comments filed by certain parties in this proceeding.¹ In support hereof, Trunkline states as follows:

**I.
SUMMARY OF POSITION**

1. The Commission should approve the abandonment as filed because it is fully consistent with the public convenience and necessity under section 7(b) of the Natural Gas Act (“NGA”). Contrary to the protests and comments filed in this proceeding, the sky is not

¹ *Motion for Leave to Intervene and Protest of Ameren Services Company*, Docket No. CP12-491-000 (Aug. 29, 2012) (“Ameren Protest”); *Motion to Intervene, Protest and Request for Hearing of the Association of Businesses Advocating Tariff Equity*, Docket No. CP12-491-000 (Aug. 28, 2012) (“ABATE Protest”); *Motion to Intervene, Protest and Request for Evidentiary Hearing of Consumers Energy Company*, Docket No. CP12-491-000 (Aug. 29, 2012) (“Consumers Protest”); *Motion to Intervene Out-of-Time of Liberty Energy (Midstates) Corp.*, Docket No. CP12-491-000 (Sept. 4, 2012) (“Liberty Comments”); *Motion to Intervene and Protest of the Governor of the State of Michigan*, Docket No. CP12-491-000 (Aug. 29, 2012) (“Michigan Governor Protest”); *Motion to Intervene and Protest of LeCompte-Hall*, Docket No. CP12-491-000 (Aug. 28, 2012) (“LeCompte-Hall Protest”); *Notice of Intervention, Protest and Request for a Technical Conference of Michigan Public Service Commission*, Docket No. CP12-491-000 (Aug. 29, 2012) (“MPSC Protest”); *Motion to Intervene of Midwest Independent Transmission System Operator, Inc.*, Docket No. CP12-491-000 (Aug. 29, 2012) (“MISO Comments”); *Motion for Leave to Intervene and Comments of The Process Gas Consumers Group, The American Forest & Paper Association, and The Independent Petroleum Association of America*, Docket No. CP12-491-000 (Aug. 29, 2012) (“Associations Protest”); *Motion to Intervene, Comments and Request for Conditions of ProLiance Energy, LLC*, Docket No. CP12-491-000 (Aug. 29, 2012) (“ProLiance Comments”); *Protest of Tennessee Valley Authority*, Docket No. CP12-491-000 (Aug. 29, 2012) (“TVA Protest”).

falling.² Rather, the protestors attempt to cobble together unsubstantiated and extraordinary doomsday scenarios designed to lock in the status quo, despite ample demonstration that the status quo is not consistent with the overall public interest. The Commission’s public convenience and necessity analysis under NGA section 7(b) considers the public interest as a whole, rather than the narrow interests of certain parties seeking to maintain a free option to underutilized capacity at deeply discounted rates.

2. While the unsupported allegations of potential harm ignore over 50 years of contract and service history on the Trunkline system and its two most recent open seasons, the unrebutted fact is that the facilities to be abandoned are not needed to enable Trunkline to meet its current firm transportation commitments. The facts in the record are clear:

- Trunkline’s natural gas delivery capacity into the state of Michigan will *remain the same* both before and after the proposed abandonment;
- *No* shipper is willing to take firm capacity at tariff rates;
- *Sufficient* capacity will remain post-abandonment for Trunkline to meet all of its firm contracted-for capacity, thus ensuring continuity of service;
- The facilities serving Trunkline’s core market area north of Tuscola, Illinois to the Michigan border will *continue to be served by looped facilities*;
- *No* change will occur to the capacity of any receipt or delivery point on the Trunkline system;
- *No* shippers will experience any change in service or harm in terms of quality of service;

² *KN Energy, Inc.*, 36 FERC ¶ 63,040 at 65,120 (1986) (noting that the arguments presented “generate considerable heat but shed very little light” on the underlying issues).

- There will be *no* change in the number of active interconnects on the Trunkline system; and
- The remaining mainline will be capable of bi-directional flow, thus providing shippers access to supply on either side of a constraint.

Each of these facts stand un rebutted and demonstrate that approval of the proposed abandonment is fully consistent with the public convenience and necessity.

3. Unable to explain how their past and current use of the Trunkline system supports maintaining the unneeded facilities in service, the protests engage in extraordinary and unsupported speculation regarding future capacity needs, upon which neither the Commission nor Trunkline can rely. Similarly, the protests seek to improperly insert NGA section 4 and section 5 rate issues into this section 7(b) abandonment proceeding. The protests have failed to raise any genuine issues of material fact and therefore no evidentiary hearing or technical conference is required. Trunkline has comprehensively demonstrated that the proposed abandonment is consistent with the public convenience and necessity. Based on the written record in this proceeding, the Commission should approve the abandonment application as filed.

II. **BACKGROUND**

4. On July 26, 2012, Trunkline filed an abbreviated application (“Application”) pursuant to section 7(b) of the NGA and Sections 157.7 and 157.18 of the Commission’s regulations requesting that the Commission issue an order authorizing the abandonment of approximately 770 miles of looped mainline transmission pipeline and appurtenant facilities (“Pipeline Facilities”) by sale to an affiliate to be designated by Trunkline’s parent, Energy Transfer Equity, L.P. (“Energy Transfer”). The Pipeline Facilities primarily consist of two segments: 45.02 miles of 24-inch pipe from Valve 43-1 near Buna, Texas to the Longville

Compressor Station and 725.46 miles of 30-inch pipe from the Longville Compressor Station to the Tuscola Compressor Station. Following the proposed abandonment, Trunkline's certificated winter mainline capacity will be reduced from 1,555 MDt/d to 958 MDt/d. Furthermore, the proposed abandonment will reduce Trunkline's certificated capacity out of the Texas portion through the Longville Compressor Station from 1,109 MDt/d to 920 MDt/d. This reduction in capacity will not affect Trunkline's ability to meet its firm service obligations. Trunkline is also requesting authorization to abandon in place twelve (12) compressor units totaling 15,850 horsepower that are no longer needed.

5. Trunkline is proposing to abandon the Pipeline Facilities by sale so that they may be converted to an alternative use: the transportation of crude oil. To facilitate the use of the Pipeline Facilities for this more effective and useful purpose, Trunkline and its parent, Energy Transfer, have reached an agreement in principle for the sale of the Pipeline Facilities to an affiliate designated by Energy Transfer at net book value as well as certain costs associated with the abandonment, as described in the Application.

6. Notice of the Application was published on August 8, 2012 and various protests and comments were filed.³

III. MOTION FOR LEAVE TO ANSWER

7. Trunkline seeks a waiver of the prohibition against answers to protests set forth in Rule 213(a)(2).⁴ The Commission permits an answer when to do so aids the Commission in its

³ Protests and comments were filed by Ameren Services Company ("Ameren"); Association of Businesses Advocating Tariff Equity ("ABATE"); Consumers Energy Company ("Consumers"); the Governor of the State of Michigan ("Michigan Governor"); Le-Compte Hall, L.L.C. ("Le-Compte Hall"); Liberty Energy (Midstates) Corp. ("Liberty"); Michigan Public Service Commission ("MPSC"); Midwest Independent Transmission System Operator, Inc. ("MISO"); The Process Gas Consumers Group, The American Forest & Paper Association, and The Independent Petroleum Association of America ("Associations"); ProLiance Energy, LLC ("ProLiance"); and the Tennessee Valley Authority ("TVA") (collectively, "Protestors").

⁴ 18 C.F.R. § 385.213(a)(2) (2012).

decision-making process and provides a more complete record upon which a decision can be made.⁵ The following answer will assist the Commission because it provides clarification and correction of certain matters raised in the protests. Therefore, Trunkline has shown good cause why the Commission should accept this answer.

IV. ANSWER

8. Protestors object to the proposed abandonment on a variety of grounds, including arguing that (i) Trunkline will be unable to meet future capacity requirements of individual shippers and the natural gas needs of the state of Michigan; (ii) the proposed abandonment will have a detrimental effect on the reliability or quality of service provided by Trunkline; (iii) the proposed abandonment raises rate issues that should be addressed in this proceeding; (iv) Trunkline's open season and turn-back solicitation procedures were improper; and (v) the Commission should convene a technical conference or evidentiary hearing to address Protestors' concerns. As explained in depth herein, each of these objections of Protestors is unfounded, as well as contrary to the NGA and Commission policy and precedent. Accordingly, the Commission should approve the proposed abandonment, in the manner set forth in the Application, as consistent with the present and future public convenience and necessity.

⁵See, e.g., *Trunkline Gas Co., LLC and Sea Robin Pipeline Co., LLC*, 139 FERC ¶ 61,239 at P 23 (2012); *Tennessee Gas Pipeline Co.*, 137 FERC ¶ 61,105 at P 16 (2011); *Sea Robin Pipeline Co., LLC*, 136 FERC ¶ 61,229 at P 11 (2011); *Sea Robin Pipeline Co., LLC*, 134 FERC ¶ 61,262 at P 10 (2011); *Sea Robin Pipeline Co., LLC*, 132 FERC ¶ 61,277 at P 10 (2010); *Sea Robin Pipeline Co., LLC*, 130 FERC ¶ 61,261 at P 6 (2010); *Northern Natural Gas Co.*, 103 FERC ¶ 61,266 at P 11 (2003); *Kinder Morgan Interstate Gas Transmission, LLC*, 94 FERC ¶ 61,078 at 61,357 (2001); *Connecticut Light & Power Co.*, 94 FERC ¶ 61,073 at 61,341 (2001).

A. Trunkline Will Continue To Meet All Firm Transportation Commitments Following The Proposed Abandonment

9. Certain Protestors argue that the Commission should deny the proposed abandonment due to the decrease in pipeline capacity that will result.⁶ These Protestors argue that Trunkline should be required to hold unneeded capacity in the unlikely event that it may be needed at some speculative and undefined future date. However, these Protestors, in seeking to retain a free option to underutilized and deeply discounted capacity, fail to acknowledge the governing Commission standard for granting the abandonment of facilities under section 7(b) of the NGA.

10. As required under section 7(b) of the NGA, Trunkline has shown that it will continue to meet all firm service obligations following the proposed abandonment and for the term of all agreements, and that no harm in terms of quality of service will occur. Through extensive evidence set out in the Application, Trunkline has demonstrated that the continuity and stability of existing service on Trunkline's system will be assured after the abandonment. The requisite showing of continuity and stability of service was evidenced by the fact that Trunkline did not receive a single request for firm service in its two recent open seasons.

11. Section 7(b) of the NGA requires that the Commission find "that the present or future public convenience or necessity permit such abandonment."⁷ Contrary to Protestors' assertions, an applicant, such as Trunkline, must make a showing "that the public interest will not be disserved by the abandonment *and need not show actual benefit.*"⁸ The Commission recently emphasized that:

⁶ See ABATE Protest at 3; Ameren Protest at 7; Consumers Protest at 5; ProLiance Comments at 3; MISO Comments at 3.

⁷ 15 U.S.C. § 717f(b).

⁸ *Trunkline Gas Co.*, 94 FERC ¶ 61,381 at 62,419 (2001) ("2001 Abandonment Order").

When a pipeline company proposes to abandon facilities that will reduce the amount of service that it is able to provide, continuity and stability of existing services are the primary considerations in assessing whether the public convenience and necessity permit an abandonment that will take the subject facilities and the capacity represented by those facilities permanently out of service. If the Commission finds that a pipeline’s proposed abandonment of particular facilities will not jeopardize continuity of *existing natural gas transportation services*, it will defer to the pipelines’ own business judgment.⁹

In the 2001 Abandonment Order, the Commission stated that it “seeks to assure that pipelines maintain the optimum amount of capacity to meet demand, while avoiding unneeded capacity that can create false price signals and weaken the long-term gas transportation market.”¹⁰

12. The Commission added that investors, contrary to the remedy sought here by Protestors, “do not construct an interstate pipeline or continue it in operation to serve only interruptible customers at discounted rates.”¹¹ The Commission has consistently stated that “continuity and stability of existing service are the primary considerations in assessing the public convenience or necessity of a permanent cessation of service under section 7(b) of the NGA.”¹² Consistent with the evolving nature of service requests, the Commission has granted abandonment authority consistently in the past, as it should do here: to remove and replace deteriorated or superfluous facilities¹³ and to sell jurisdictional natural gas pipelines to an affiliate for (i) non-NGA jurisdictional gas distribution;¹⁴ (ii) the transportation of crude oil;¹⁵

⁹ *Transwestern Pipeline Co., LLC*, 140 FERC ¶ 61,147 at P 13 (2012) (emphasis added).

¹⁰ 2001 Abandonment Order at 62,420.

¹¹ *Id.* at 62,421.

¹² *See, e.g., ANR Pipeline Co.*, 139 FERC ¶ 61,238 at P 30 (2012) (“[C]ontinuity and stability of existing service are the primary considerations in assessing the public convenience or necessity of a permanent cessation of service under section 7(b) of the NGA.”); *Southern Natural Gas Co., L.L.C. and High Point Gas Transmission, LLC*, 139 FERC ¶ 61,237 at P 60 (2012) (“[C]ontinuity and stability of existing service are the primary considerations in assessing the public convenience or necessity of a permanent cessation of service under section 7(b) of the NGA.”); *Tennessee Gas Pipeline Co. and Kinetica Partners, LLC*, 137 FERC ¶ 61,105 at P 20 (2011) (“Hence, continuity and stability of existing service are the primary considerations in assessing the public convenience or necessity of a permanent cessation of service under section 7(b) of the NGA.”).

¹³ *Williams Gas Pipelines Central, Inc.*, 85 FERC ¶ 61,184 (1998), *reh’g denied*, 86 FERC ¶ 61,228 (1999).

¹⁴ *Questar Pipeline Co.*, 70 FERC ¶ 61,131 (1995).

(iii) oil products;¹⁶ or (iv) natural gas liquids.¹⁷ Just last month, the Commission granted authorization to Transwestern Pipeline Company, L.L.C. (“Transwestern”) to abandon by sale to an affiliate a segment of looped mainline pipeline that will be transitioned to natural gas liquids service.¹⁸

13. The abandonment proposed by Trunkline is fully consistent with the present and future public convenience and necessity and should be approved as it satisfies the Commission’s long-standing abandonment analysis. In focusing solely on the purported decrease of capacity, Protestors¹⁹ miss the essential and determinative factual showing; that is that no interruption, reduction or termination of any firm natural gas transportation services presently rendered by Trunkline will result from the proposed abandonment thus ensuring continuity of service. As explained in the Application, actual contract utilization typically averages 45 to 70 percent of capacity under contract.²⁰ Trunkline’s total firm mainline capacity contracted is 953 MDT/d on November 1, 2013 (the proposed abandonment date). The remaining Trunkline 36-inch mainline in service following the proposed abandonment will have sufficient capacity to cover all of Trunkline’s contracted capacity of 953 MDT/d. Given the utilization levels noted above, Trunkline expects interruptible transportation will continue to be available.

14. Consumers and ProLiance attempt to distinguish the instant Application from the 2001 Abandonment Order on the basis that the current proposal seeks to abandon a greater

¹⁵ *El Paso Natural Gas Co.*, 1 FERC ¶ 61,108 (1977), *reh'g denied and modifying prior order*, 3 FERC ¶ 61,185 (1978) (The Commission approved abandonment of 669 miles of natural gas pipeline).

¹⁶ *Florida Gas Transmission Co.*, 20 FERC ¶ 61,298 (1982), *reh'g denied*, 24 FERC ¶ 61,005 (1983) (The Commission approved the abandonment of 882 miles of natural gas pipeline pipeline).

¹⁷ *Sabine Pipe Line Co.*, 90 FERC ¶ 61,189 (2000) (The Commission approved the abandonment of 43 miles of natural gas pipeline); *Koch Gateway Pipeline Co.*, 67 FERC ¶ 61,362 (1994) (The Commission approved the abandonment of 200 miles of natural gas pipeline).

¹⁸ *Transwestern Pipeline Co., LLC*, 140 FERC ¶ 61,147 at P 1 (2012).

¹⁹ Consumers Protest at 4-5; ProLiance Comments at 3.

²⁰ See Application at 9. This percentage range is based on five year monthly averages.

percentage of capacity than that proposed previously.²¹ However, Consumers and ProLiance cite to no Commission precedent that supports this distinction. The relevant inquiry, regardless of the percentage of capacity proposed to be abandoned, is whether Trunkline will have sufficient capacity post-abandonment to meet firm transportation needs and ensure continuity and stability of existing service. The answer to this inquiry is clear and fully supported by the Application: Trunkline will have ample capacity to meet all firm service obligations after the abandonment becomes effective thus ensuring continuity and stability of existing service.²²

15. Consistent with the principles outlined in the 2001 Abandonment Order, the proposed abandonment of the Pipeline Facilities will maintain the “optimum amount of capacity to meet demand, while avoiding unneeded capacity.”²³ In recently granting abandonment authority to Transwestern, the Commission found that Transwestern will retain capacity in excess of its current firm service obligations and, therefore, the pipeline segment sought to be abandoned “is no longer essential to maintain natural gas transportation service.”²⁴ The Commission stated that it “will not require a pipeline to retain unused transmission capacity in reserve awaiting the arrival of potential firm demand that may not materialize.”²⁵ This principle is equally applicable here as, contrary to Protestors assertions, Trunkline should not be required to hold unused transmission capacity in reserve and, instead, should be authorized to abandon the Pipeline Facilities by sale to an entity who will put them to a more efficient use. MPSC acknowledges that the “incentive to execute long-term firm service contracts” may have diminished “but this may change in the future.”²⁶ This is precisely the sort of speculation that a

²¹ Consumers Protest at 4-5; ProLiance Comments at 3.

²² See 2001 Abandonment Order at 62,421.

²³ *Id.* at 62,420.

²⁴ *Transwestern Pipeline Co., LLC*, 140 FERC ¶ 61,147 at P 17 (2012).

²⁵ *Id.* citing 2001 Abandonment Order at 62,420.

²⁶ MPSC Protest at 4-5; see also MISO Comments at 3. While MISO did not structure its pleading as a protest or comments, it suggests that Trunkline pipeline capacity should be retained to protect future capacity needs. As

pipeline is *not* required to account for under the Commission’s abandonment analysis.

Furthermore, contrary to Protestors’ suggestions, Trunkline need not show that the proposed abandonment will provide a benefit to shippers.²⁷

16. Where, as here, a pipeline holds an open season for firm capacity and receives no bids, the Commission accepts this as evidence from the shippers themselves that the pipeline proposed to be abandoned is no longer essential to maintain natural gas transportation service.²⁸ Trunkline held two open seasons from March 23 through April 20, 2012, soliciting (i) bids for firm transportation capacity to the market area and (ii) offers from existing shippers to turn back their capacity to Trunkline.²⁹ Trunkline did not receive a *single request* for firm service. Rather, two shippers submitted requests to turn back existing discounted firm contracted capacity. As the Commission has found before and should do so here, the lack of interest in firm capacity proves that the Pipeline Facilities are not essential to maintain existing transportation needs.³⁰

explained herein, speculation regarding future capacity needs is not a relevant inquiry under the Commission’s NGA section 7(b) abandonment analysis.

²⁷ 2001 Abandonment Order at 62,419 (The applicant must make a showing “that the public interest will not be disserved by the abandonment and need not show actual benefit.”) *citing Pennsylvania Public Util. Comm’n v. FERC*, 881 F.2d 1123, 1127 (D.C. Cir. 1989); *Transcontinental Gas Pipe Line Corp. v. FPC*, 488 F.2d 1325, 1328 (D.C. Cir. 1973); *Michigan Consolidated Gas Co. v. FPC*, 283 F.2d 204, 214 (D.C. Cir. 1960), *cert. denied*, 364 U.S. 913 (1960).

²⁸ *Transwestern Pipeline Co., LLC*, 140 FERC ¶ 61,147 at P 17 (2012) (“The results of Transwestern’s open seasons demonstrate that there presently is little or no demand for additional firm service on Transwestern’s West Texas Lateral. Moreover, the West Texas Lateral’s 30-inch diameter loop line that Transwestern will retain has capacity significantly in excess of Transwestern’s current firm service obligations. Therefore, the 24-inch diameter pipeline segment that Transwestern seeks to abandon is no longer essential to maintain natural gas transportation service to its customers.”).

²⁹ Application at Exhibit Z-5.

³⁰ *See El Paso Natural Gas Co.*, 136 FERC ¶ 61,180 at P 26 (2011) (Finding that “El Paso held an open season for capacity . . . and no customers bid on the available capacity. This lack of demand supports El Paso’s claim that there will not be a future impact on firm transportation services on its system [as a result of the proposed abandonment].”); 2001 Abandonment Order at 62,421 (“[W]e do not believe that Trunkline’s abandonment would contribute to natural gas shortages or higher retail gas prices. This conclusion is supported by the lack of customer interest in available firm capacity on Trunkline at maximum rates. In Trunkline’s last open season in November, 1999, no firm shipper stated an interest in firm capacity at maximum rates.”).

17. While Trunkline disagrees with Consumers' incorrect description of contract discussions,³¹ Consumers has confirmed that it is unwilling to contract for capacity at Trunkline's tariff rates and only renewed its capacity commitment when it could be obtained at a rate that was approximately 50 percent of its previously heavily discounted rate. This is further evidence that, as was noted in the 2001 Abandonment Order, "no firm shipper stated an interest in firm capacity at maximum rates."³² No Protestor, including Consumers, has indicated a willingness to contract for additional firm capacity at tariff rates to maintain the full current capacity levels on the Pipeline Facilities.

18. Consumers argues that Trunkline is falsely claiming that its capacity is unutilized and attaches Exhibits D and F to its Protest in an attempt to demonstrate otherwise.³³ Consumers misses the point and mischaracterizes the facts. The issue is not whether capacity is fully subscribed, which capacity is not, but rather that no shippers have been willing to commit to obtain firm capacity at tariff rates. By way of example, of the 580,138 Dt/d of capacity included on Exhibit F attached to the Consumers Protest, 255,138 Dt/d is scheduled to terminate by November 1, 2013 (the proposed abandonment date) and more than 95 percent of such capacity is at discounted rates.³⁴ Consumers has not shown that the demand for firm capacity has increased or that Trunkline's system would not be substantially underutilized in the absence of dramatic rate discounts. Protestors' desire to retain options to deeply discounted capacity does not create a legitimate basis for denying the proposed abandonment.

³¹ Consumers Protest at 6-7 and Affidavit at PP 12-16. As the history of Consumers negotiating a substantial discount for its capacity is not relevant here, Trunkline will not, at this time, answer Consumers' unfounded and incorrect description of past contract negotiations.

³² 2001 Abandonment Order at 62,421.

³³ Consumers Protest at 7 and Exhibits D - F.

³⁴ *Id.* at Exhibit F.

19. As explained herein, the proposed abandonment will not jeopardize the continuity of existing natural gas transportation services and no Protestor has claimed that its firm service under contract will not be delivered following the proposed abandonment. The Commission has made it abundantly clear that the proper focus in an abandonment analysis is on the pipeline's ability to meet its firm service commitments.³⁵ As there will be more than enough capacity post-abandonment to meet its firm service commitments, Trunkline has satisfied its burden of demonstrating that continuity and stability of existing service will be assured following the abandonment.

20. Protestors would have the Commission believe that the proposed abandonment poses a dire threat to the continuation of gas supplies reaching the state of Michigan.³⁶ Certain Protestors also claim that the reduction in capacity would hamper recent gas-electric coordination efforts and electric generation in Michigan.³⁷ However, Protestors ignore the simple fact that Trunkline's delivery capability into the state of Michigan will be *the same* both before and after the proposed abandonment of the Pipeline Facilities. This is so, in part, because the facilities to be abandoned are south of Tuscola, Illinois and no looped facilities north of Tuscola to the Indiana-Michigan border are affected by the proposed abandonment. All of Trunkline's firm commitments to the Michigan city gates will be met and no Protestor has provided a scintilla of evidence that this is not so. Accordingly, the Commission should

³⁵ 2001 Abandonment Order at 62,421; *see also ANR Pipeline Co.*, 139 FERC ¶ 61,238 at P 30 (2012) (“[C]ontinuity and stability of existing service are the primary considerations in assessing the public convenience or necessity of a permanent cessation of service under section 7(b) of the NGA.”).

³⁶ *See, e.g.*, Michigan Governor Protest at 3; Ameren Protest at 7; MPSC Protest at 5. The Michigan Governor Protest goes so far as to suggest that the alleged (yet unsupported) lack of pipeline capacity to Michigan may lead to a loss of heat and “the loss of heat during the winter is tied to homelessness, which in families with children can also lead to interruptions of education.” Michigan Governor Protest at 3. These claims are completely unsupported and should not be considered by the Commission.

³⁷ *See, e.g.*, MPSC Protest at 6; ABATE Protest at 4.

find that the proposed abandonment is consistent with the public convenience and necessity and must be approved.

B. There Will Be No Change In Reliability Or Quality Of Service Following The Proposed Abandonment

21. Protestors make various claims that the proposed abandonment will have a detrimental effect on the reliability or quality of Trunkline's service.³⁸ To the contrary: (i) Trunkline will continue to meet all firm commitments across its pipeline system following the abandonment; (ii) all swing, no-notice, quick notice, and hourly delivery commitments on the system will be met both prior to and following the proposed abandonment; (iii) no changes will occur to the capacity of any receipt or delivery point on the Trunkline system; (iv) there will be no change to the number of active interconnects; (v) any active receipt and/or delivery point on the 30-inch line to be abandoned will be connected to the 36-inch line with no change in capacity; (vi) delivery capacity into Michigan will remain the same; and (vii) the pipeline system will continue to operate at the current pressure and the Maximum Allowable Operating Pressure ("MAOP") will not change.

22. Protestors suggest that the reduction in capacity following the proposed abandonment will cause a reduction in the flexibility and redundancy of the pipeline system.³⁹ In *El Paso Natural Gas Company*,⁴⁰ the Commission dismissed concerns about operational flexibility post-abandonment finding that "[t]he fact that there is more capacity than demand on El Paso's system demonstrates that any lack of operational flexibility resulting from the proposed abandonment will not impact firm transportation services."⁴¹ This analysis is equally

³⁸ See, e.g., Consumers Protest at 4-5; TVA Protest at 3; Ameren Protest at 3-4; Michigan Governor Protest at 2; ABATE Protest at 3.

³⁹ Michigan Governor Protest at 2; Consumers Protest at 5.

⁴⁰ 136 FERC ¶ 61,180 (2011).

⁴¹ *Id.* at P 26.

applicable here as Trunkline has clearly demonstrated that there will be more capacity than demand following the abandonment of the Pipeline Facilities.

23. Further, the Commission does not require a pipeline to design its system to provide for redundancy. In *Florida Gas Transmission Co.*,⁴² the Commission approved the pipeline's request to abandon one of its pipelines comprising a dual pipeline system despite the protest by the shipper receiving service from the dual system. The Commission found that the pipeline could meet its contractual obligations through the remaining pipeline and that "there is no requirement that pipelines maintain redundant facilities to protect against all possible contingencies."⁴³ The proper analysis under section 7(b) of the NGA is whether the abandonment will impact continuity and stability of service, not whether retaining redundant facilities would make the pipeline system more reliable. Trunkline has demonstrated that it will continue to meet its firm commitments across its system following the proposed abandonment and no shipper will experience any change in service or harm in terms of quality of service.

24. As demonstrated in Trunkline's Application and restated here, Trunkline's ability to meet its firm transportation commitments will be unaffected by the proposed abandonment. A majority of Trunkline's customers do not rely solely on the Trunkline system for transportation capacity.⁴⁴ In fact, many of the contracts have delivery points which are simply interconnections with various other interstate pipelines.⁴⁵ As demonstrated in the Application, approximately 90 percent of Trunkline's market area contract demand can be served by other interstate pipelines. Due to the fact that Trunkline shippers have access to supply at numerous

⁴² 79 FERC ¶ 61,147 (1997).

⁴³ *Id.* at 61,625; *see also Northwest Pipeline Corp.*, 103 FERC ¶ 62,009 at 64,019 (2003) (Commission granted the pipeline's request to abandon a compressor station based, in part, on a finding that the compressor station was redundant).

⁴⁴ Application at Exhibit Z-1.

⁴⁵ *Id.*

receipt interconnections on the pipeline, they may source their supply from both ends of the system. This ability to so source adds to a shipper's flexibility to address any outages which may occur on a single-line system post-abandonment.⁴⁶

25. Additionally, the proposed abandonment will not result in a reduction of delivery capacity downstream of Tuscola and the facilities serving Trunkline's core market area north of Tuscola to the Indiana-Michigan border will continue to be served by looped facilities with gas available from Panhandle Eastern Pipe Line Company, LP and Rockies Express Pipeline L.L.C. Per the United States Energy Information Administration ("EIA"), there is 9,557 MMcf/d of pipeline capacity entering the state of Michigan.⁴⁷ In the 2001 Abandonment Order, the Commission noted that "Trunkline's customers will have the same access to alternative suppliers after the abandonment as before"⁴⁸ and that "if needed, there are alternative pipeline transporters available at receipt/delivery points along Trunkline's system. Thus, no firm shipper should be deprived of transportation service as a result of the abandonment of [the facilities]."⁴⁹ The same is true here as Trunkline customers have ready access to multiple sources of supply.⁵⁰ Therefore, as it did in the 2001 Abandonment Order, the Commission should reject Protestors' "assertions about operational difficulties and the quality of service after abandonment . . . as unsubstantiated."⁵¹

⁴⁶ *Id.* at Exhibit Z-2. TVA claims that Trunkline should not simply assume that a shipper can choose to transport on an alternative pipeline. TVA Protest at 3. However, TVA provides no evidence that it cannot transport on alternative pipelines. In fact, the TVA Lagoon Creek facility served by Trunkline is also currently served by Texas Gas Transmission. *See* Texas Gas Transmission, Index of Customers, TVA Contract No. 32147.

⁴⁷ EIA U.S. Pipeline State-to-State Capacity (through December 2011), *available at* www.eia.gov/naturalgas/pipelines/EIA-StatetoStateCapacity.xls.

⁴⁸ 2001 Abandonment Order at 62,421.

⁴⁹ *Id.* at 62,420.

⁵⁰ Application at 13.

⁵¹ 2001 Abandonment Order at 62,421.

26. TVA expresses concern that Trunkline will not be able to meet its quick notice service requirements.⁵² In addition to meeting its firm transportation commitments, Trunkline will continue to meet all swing, no-notice, quick notice, and hourly delivery commitments on the system and no shipper has demonstrated otherwise.

27. In their rush to judgment, Protestors fail to acknowledge that *no changes* will occur to the capacity of any receipt or delivery point on the Trunkline system. Similarly, ABATE fundamentally misstates the facts and incorrectly asserts that the proposed abandonment will “reduce the number of inter-connections and delivery options available to customers, brokers and the utilities such that delivery costs into Michigan will rise.”⁵³ The proposed abandonment will *not* cause any change in the number of active interconnects on the Trunkline system. Any active receipt and/or delivery points on the 30-inch line that is proposed to be abandoned will be connected to the 36-inch line with no change in capacity. Trunkline customers will be reconnected from the 30-inch line to the remaining 36-inch line resulting in no impact on the level or quality of the service provided to these customers in any respect.

28. Furthermore, the Trunkline system will continue to operate at the current pressure and the MAOP of the remaining 36-inch pipeline will not change.⁵⁴ The Commission recently cited the maintenance of the same operating pressure as a factor indicating that a proposed abandonment would not reduce system flexibility or cause an adverse operational impact. In finding that there would be no reduction in system flexibility following Transwestern’s

⁵² TVA Protest at 3.

⁵³ ABATE Protest at 3.

⁵⁴ Application at Exhibit V.

abandonment, the Commission noted that the operating pressure before and after the abandonment would be the same.⁵⁵

29. Consumers incorrectly argues that the proposed abandonment of compression “would compromise Trunkline’s ability to meet the pressure commitment that i[t] has with Consumers Energy at the Trunkline Elkhart interchange.”⁵⁶ However, as evidenced by the letter from Trunkline attached to Consumers’ own Protest as Exhibit A, “Trunkline is not required to deliver gas at any specific predetermined pressure” as set out in Trunkline’s FERC Gas Tariff (“Tariff”).⁵⁷ Section 13.3 of the General Terms and Conditions of Trunkline’s Tariff unequivocally states that “Deliveries of Gas at the Points of Delivery shall be at such pressure as may exist in Trunkline’s pipeline at such point from time to time.”⁵⁸ Not only is there no obligation to deliver gas at a specified pressure, Consumers has provided absolutely no evidence that the pressure at Consumers’ points will change following the proposed abandonment.

C. No Rate Adjustment With Respect To The Proposed Abandonment Is Warranted Or Permitted By The NGA

30. Certain Protesters argue that Trunkline’s rates should be adjusted to reflect the proposed abandonment.⁵⁹ In particular, Consumers argues that any approval of the abandonment be conditioned on Trunkline being required to file a general NGA section 4 rate case or make a limited section 4 filing to remove the costs attributable to the abandoned facilities from its recourse rates.⁶⁰ As discussed below, these proposed conditions are in direct violation of the explicit provisions of the NGA and contrary to long-standing Commission

⁵⁵ *Transwestern Pipeline Co., LLC*, 140 FERC ¶ 61,147 at PP 26-27 (2012) (The Commission also noted that there “is no evidence to suggest that Transwestern will be unable to continue providing the same level and quality of open-access service on peak days after the abandonment as it currently provides.”).

⁵⁶ Consumers Protest at 5 and Exhibit A.

⁵⁷ *Id.* at Exhibit A.

⁵⁸ Trunkline FERC Gas Tariff, General Terms and Conditions Section 13.3.

⁵⁹ *See, e.g.*, Associations Protest at 5-6.

⁶⁰ Consumers Protest at 10-11.

precedent not to condition abandonment on a pipeline restating its rates to reflect the removal of costs associated with the abandoned facilities.

31. The NGA provides that rates may be changed only by a pipeline voluntarily filing a section 4 rate case or by a party or the Commission taking on the dual section 5 burden to demonstrate that the pipeline's existing rates are unjust and unreasonable and that the proposed prospective rates are just and reasonable.⁶¹ No statutory basis exists, and Protestors have cited none, for the Commission to order Trunkline to file a section 4 rate case. Further, as the Commission held in *Natural Gas Pipeline Company of America*, "under the NGA, rates cannot be adjusted in a Section 7(b) abandonment proceeding; rates can only be adjusted in a Section 4 or Section 5 proceeding."⁶² The Commission further held, as it should do here, that "in an abandonment proceeding, the Commission does not alter a pipeline's existing rate to remove or add any costs or determine profits from a sale related to its action in an abandonment proceeding."⁶³

32. Trunkline has not proposed to alter its rates in this abandonment proceeding nor is it permitted to do so. The Commission has held that rate issues associated with the abandonment and transfer of pipeline facilities must be considered in the context of a separate section 4 proceeding exclusively.⁶⁴ With respect to section 5, some Protesters call upon the Commission to investigate Trunkline's current rates. However, none of the Protesters provide any analysis to support or warrant a section 5 investigation nor justify the burden of such an undertaking by the Commission. Protesters also fail to address the fact that approximately 90

⁶¹ 15 U.S.C. §§ 717c and 717d.

⁶² 90 FERC ¶ 61,033 at 61,167 (2000).

⁶³ *Id.*; see also, *Northern Natural Gas Co.*, 74 FERC ¶ 61,100 at 61,305 (1996); *Arkla Gathering Services Co. et al.*, 71 FERC ¶ 61,297 at 62,165 (1995).

⁶⁴ See, e.g., *Panhandle Eastern Pipe Line Co.*, 77 FERC ¶ 61,284 at 62,254 (1996); *NorAm Gas Transmission Co.*, 75 FERC ¶ 61,127 at 61,429 (1996).

percent of existing firm contracts on Trunkline are discounted. All of the Protesters are beneficiaries of these discounted rates (some heavily discounted) that are locked in for the term of the service agreements. Therefore, even if any prospective rate change were warranted after completion of a section 5 proceeding, such Protesters would not benefit.

33. In addition to the clear goalposts of NGA section 4 and section 5, it is the Commission's long-standing policy that it will not require a pipeline to adjust its rates to reflect an abandonment. In the often-cited *Columbia Gas Transmission Corporation* order,⁶⁵ the Commission held that it "routinely allows pipeline facilities to be abandoned in between rate cases without requiring the pipeline to re-justify or re-state its base rates to reflect the removal of the costs associated with the abandoned facilities."⁶⁶ Protesters' demand to condition abandonment on Trunkline filing a limited section 4 rate case flies in the face of this precedent and the Commission's strong disfavor of piecemeal rate making. As the Commission noted in the 2001 Abandonment Order, "[t]he Commission's policy is to avoid a piecemeal modification of a pipeline's rates in limited Section 4 filings, because there are many variables addressed in a general rate proceeding that can change overall rate levels."⁶⁷

34. ProLiance argues that the Commission's established policy in *Columbia Gas Transmission Corporation* should be disregarded and that Trunkline be ordered to file a general section 4 rate case based on the Commission's actions (subsequently vacated) in *Cross Bay Pipeline Company, LLC and Transcontinental Gas Pipe Line Corporation*.⁶⁸ *Cross Bay* was a section 7(b) and section 7(c) proceeding addressing Transco's abandonment by transfer to Cross Bay of certain facilities and Cross Bay's construction of other facilities and the establishment of

⁶⁵ 93 FERC ¶ 61,064 at 61,176 (2000).

⁶⁶ *Id.*; see also *Dominion Transmission, Inc.*, 104 FERC ¶ 61,267 at P 84 (2003).

⁶⁷ 2001 Abandonment Order at 62,422 citing *Iroquois Gas Transmission Sys., L.P.*, 80 FERC ¶ 61,213 at 61,845 (1997).

⁶⁸ 97 FERC ¶ 61,165 (2001) ("*Cross Bay*"); see ProLiance Protest at 5.

initial rates. The Commission found that “the particular circumstances of this proceeding require a different approach” from the Commission’s normal procedure as set out in *Columbia Gas*.⁶⁹ The Commission noted that the abandoned facilities would be transferred to Cross Bay, a NGA-jurisdictional affiliate of the abandoning pipeline, and that both parties could be collecting for the same costs.

35. This narrow exception followed (and subsequently vacated) in *Cross Bay* is not applicable in this proceeding. Trunkline is abandoning the facilities to an affiliate for conversion to oil pipeline transmission service. Trunkline’s affiliate will offer crude oil transmission service pursuant to the rules and regulations of the Commission under the Interstate Commerce Act, not the NGA as was the case for Cross Bay. Also, Trunkline’s affiliate’s crude oil transmission rates will be set out in a separate filing governed by the Interstate Commerce Act, unlike Cross Bay’s initial rates which were established pursuant to section 7(c) in the same proceeding as the requested abandonment.⁷⁰

36. Moreover, the Commission issued a show cause order in *Cross Bay* pursuant to section 5 requiring Transco to demonstrate why it should not remove the costs of the transferred facilities at the time of transfer rather than in its next rate case. The Commission clearly recognized in *Cross Bay* that it was acting under section 5 and not section 4 as ProLiance wants the Commission to do in this proceeding. Also, ProLiance fails to inform the Commission that 29 days after the issuance of this order, Cross Bay and Transco filed a motion requesting the Commission to vacate the order because the parties found, among other things, that the rate conditions imposed in the order were unacceptable and informed the Commission that they were not going forward with the project. The Commission approved the motion and vacated the

⁶⁹ *Cross Bay*, 97 FERC ¶ 61,165 at 61,757.

⁷⁰ See, e.g., *Transwestern Pipeline Co., LLC*, 140 FERC ¶ 61,147 at P 30 (2012) (“The terms and rates of [the affiliate’s] natural gas liquids service, however, are beyond the scope of this proceeding.”).

order. As a result, Transco never addressed the show cause order and neither Transco nor Cross Bay filed requests for rehearing addressing the rate conditions in the order.

37. The Associations also summarily argue that the Commission may require a pipeline to readjust its rates to reflect an abandonment.⁷¹ The Associations cite to the pre-Order No. 636 rehearing order in *Texas Eastern Transmission Corporation*⁷² without setting such order in context. The 1988 *Texas Eastern* order⁷³ and rehearing order approved a pipeline's request to abandon purchases of gas under a contract conditioned upon the pipeline first accepting a blanket transportation certificate. Of course, such an abandonment proceeding regarding pipeline purchase and sale of gas is no longer applicable after the Commission's unbundling order in Order No. 636 and the resulting condition did not change previously approved pipeline rates as the Associations seek here in this proceeding. The other orders cited by the Associations are similarly outdated and do not reflect the Commission's current policy as set out in *Columbia Gas Transmission Corporation*.⁷⁴

38. In addition, the Associations fail to demonstrate how their request that abandonment authority be conditioned on a change in rates does not violate the well-established principle that the Commission may not use its conditioning authority under NGA section 7 to circumvent the hearing and findings requirements of section 5.⁷⁵ Courts have ruled that the Commission's attempt to impose a revenue crediting mechanism, which would adjust previously approved rates, “would effectively emasculate the role of section 5 in the ratemaking scheme’ and ‘allow[] circumvention of section 5 requirements of a hearing and

⁷¹ Associations Protest at 5-6.

⁷² 45 FERC ¶ 61,296 (1988).

⁷³ 44 FERC ¶ 61,012 (1988).

⁷⁴ Associations Protest at n.11, citing *Florida Gas Transmission Company*, 20 FERC ¶ 61,298 (1982), *reh'g denied*, 24 FERC ¶ 61,005 (1983).

⁷⁵ *Panhandle Eastern Pipe Line Co. v. FERC*, 613 F.2d 1120 (D.C. Cir. 1979); *Northern Natural Gas Co. v. FERC*, 780 F.2d 59 (D.C. Cir. 1985), 827 F.2d 779 (1987) (en banc); see *Public Service Comm. of N.Y. v. FERC*, 866 F.2d 487 (D.C. Cir. 1989).

specific findings as to justness and reasonableness of existing rates.”⁷⁶ Contrary to the relief sought, no rate adjustments are proper in this section 7(b) abandonment proceeding.

D. Issues Related To The Right-of-Way Agreement Between Trunkline and LeCompte-Hall Are Not A Proper Subject Of This Proceeding And, In Any Event, LeCompte-Hall Misstates The Facts

39. It is well settled that “interpretation of the language of easement[s] is a matter for a court of appropriate jurisdiction, not the Commission, which possesses no jurisdiction over, or expertise in, such matters.”⁷⁷ Notwithstanding the fact that the right-of-way easement interpretation issue raised by LeCompte-Hall is not the appropriate subject of this NGA section 7(b) proceeding, Trunkline provides clarification in response to the allegations by LeCompte-Hall.

40. LeCompte-Hall asserts that the proposed abandonment would have a material adverse effect on its rights because it violates the terms of its right-of-way agreement with Trunkline.⁷⁸ LeCompte-Hall claims that the right-of-way agreement contains certain provisions regarding (i) abandonment and (ii) assignment. LeCompte-Hall further asserts that each of those provisions would be implicated by the abandonment sought by Trunkline in this proceeding, such that upon Trunkline’s abandonment by sale, the right-of way agreement would

⁷⁶ See, e.g., *Northern Natural Gas Co. v. FERC*, 827 F.2d at 792, quoting *Panhandle Eastern Pipe Line Co. v. FERC*, 613 F.2d at 1129-30.

⁷⁷ *Californians for Renewable Energy, Inc. (CARE) v. Williams Northwest Pipeline*, 135 FERC ¶ 61,158 at P 17 (2011); see also *Rockies Express Pipeline LLC*, 128 FERC ¶ 61,075 at P 19 (2009) (internal citations omitted) (“Whether the express terms of the easement agreement between Rockies Express and the Rowes allow Rockies Express to use the easement to access other portions of the pipeline right-of-way is a question of Ohio law, and is therefore beyond the Commission’s jurisdiction. Once we have authorized pipeline construction, we do not oversee the acquisition of necessary property rights. This is a matter between the pipeline company and the affected landowners, which they may resolve by agreement or through the courts. The Commission is not involved in these matters. Moreover, we have no expertise in Ohio contract law. Therefore, to the extent that the Rowes ask us to interpret the terms of their easement agreement with Rockies Express, we decline to do so.”).

⁷⁸ LeCompte-Hall Protest at 3.

terminate and/or Trunkline would require certain consents from LeCompte-Hall.⁷⁹ Each of these assertions is inaccurate.

41. The right-of-way agreement governing the mainline Pipeline Facilities subject to this proceeding contains none of the provisions described in the LeCompte-Hall Protest. The applicable right-of-way agreement, dated August 2, 1950, is silent about abandonment, and expressly permits Trunkline to assign the right-of-way without the landowner's consent. The right-of-way agreement states that the "Grantee, its successors and assigns, is hereby expressly given and granted the right to assign said right-of-way and easement herein granted and conveyed, or any part thereof, or interest therein."⁸⁰ Moreover, it expressly permits use of the pipeline to transport substances other than natural gas (including oil).⁸¹

42. Trunkline and LeCompte-Hall are party to another right-of-way agreement, dated December 22, 2006, which contains certain provisions regarding abandonment and consent to assignment similar to those described in the LeCompte-Hall Protest.⁸² That agreement governs a separate Trunkline pipeline, and neither the 2006 right-of-way agreement nor the pipeline segment to which it applies are involved in, or in any way relevant to, this proceeding. Even if the right-of-way agreement referenced by LeCompte-Hall were applicable to this proceeding, LeCompte-Hall's interpretation of that agreement is incorrect. The Commission should not consider the right-of-way arguments of the LeCompte-Hall Protest in this proceeding as the applicable right-of-way agreement clearly permits the proposed abandonment and assignment.

⁷⁹ *Id.*

⁸⁰ See August 2, 1950 Right-of-Way Agreement.

⁸¹ *Id.*

⁸² See December 22, 2006 Right-of-Way Agreement.

E. Trunkline's Pre-Filing Capacity Offers Were Proper And Moot Any Need For A Second Turn-Back Solicitation Or Open Season

43. Contrary to the unsupported allegations of Consumers, Ameren and TVA,⁸³ the open seasons and capacity turn-back solicitation held by Trunkline earlier this year were proper. Prior to filing the Application, Trunkline endeavored to gauge shipper interest in obtaining additional capacity at Trunkline's tariff rates.⁸⁴ Trunkline posted notice of the open seasons on its electronic bulletin board on March 23, 2012 and March 28, 2012 and the open seasons remained open until April 20, 2012 allowing all Trunkline shippers and any other interested party ample opportunity to evaluate capacity needs and submit bids for additional capacity or offers to turn-back capacity.⁸⁵ Trunkline received no bids for firm service and two shippers submitted binding requests to turn-back existing discounted firm contracted-for capacity. There is simply no indication from Trunkline's customers (even following the filing of the Application) that additional capacity at current tariff rates is desired in the market. Rather, Protestors seek to delay the proposed abandonment in an effort to preserve the status quo. However, the Commission should not require an additional open season or capacity turn-back solicitation when no error has been demonstrated with the original processes.

44. In the 2001 Abandonment Order, the Commission denied a protestor's request for an additional and superfluous open season, as it should do here, finding:

In Trunkline's last open season in November, 1999, no firm shipper stated an interest in firm capacity at maximum rates. Indicated Shippers nonetheless seek a new open season to determine interest in service at discounted rates. *We cannot require Trunkline to hold unwanted transmission capacity in reserve awaiting the arrival of potential firm demand that may not materialize and for which other pipelines compete in the Midwest. Nor would Indicated Shippers' requested open season be useful as*

⁸³ Consumers Protest at 7; Ameren Protest at 5; TVA Protest at 2.

⁸⁴ Application at 14.

⁸⁵ *Id.* at Exhibit Z-5.

it would only prove the obvious interest in discounted service. The requested open season is denied.⁸⁶

The Commission should also deny Protestors' requests for yet more open season procedures to only further support what Trunkline has already conclusively demonstrated: shippers are not willing to enter into firm capacity agreements at tariff rates.

45. Consumers seeks to avoid the open season results by first suggesting that Trunkline held the open seasons before announcing its abandonment proposal, but then goes on to state that it is “no surprise that, knowing the reliability/degradation of service issues that would result from the proposed abandonment, Trunkline customers were unwilling to take on the risk of entering into contracts for long-term firm service.”⁸⁷ This heads we win, tails you lose reasoning does not alter the fact that not a single shipper submitted a bid for capacity in Trunkline's open seasons. Furthermore, even in the time since the open seasons concluded, no shipper or other interested party has made an offer to sign up for additional firm capacity at tariff rates.

F. No Material Facts Are In Dispute To Justify A Technical Conference Or Evidentiary Hearing

46. Certain Protestors seek further proceedings in the form of a technical conference or evidentiary hearing.⁸⁸ Evidentiary hearing procedures are “necessary only when material issues of fact are in dispute that cannot be resolved on the basis of the written record.”⁸⁹ In response to requests for further proceedings in NGA section 7 cases, the Commission has affirmed that its “practice is to hold a ‘paper hearing’ in those cases where the written record

⁸⁶ See 2001 Abandonment Order at 62, 421 (emphasis added).

⁸⁷ Consumers Protest at 7.

⁸⁸ Consumers Protest at 10; MPSC Protest at 5-6 ; TVA Protest at 4; ABATE Protest at 4.

⁸⁹ *El Paso Natural Gas Co.*, 136 FERC ¶ 61,180 at P 28 (2011); see also *Southern Union Gas Co. v. FERC*, 840 F.2d 964, 970 (D.C. Cir. 1988); *Cerro Wire & Cable Co. v. FERC*, 677 F.2d 124, 128 (D.C. Cir. 1982); *Citizens for Allegan County, Inc. v. FPC*, 414 F.2d 1125, 1128 (D.C. Cir. 1969).

provides a sufficient basis for resolving the relevant issues, rather than a formal, in-person, trial-type evidentiary hearing.”⁹⁰ Here, the written record provides a more than sufficient basis upon which to resolve issues raised by Protestors. The courts have long held that “mere allegations of disputed facts are insufficient to mandate a hearing; petitioners must make an adequate proffer of evidence to support them.”⁹¹ Protestors’ unsupported allegations of potential harm do not warrant that a hearing be convened in this matter.

47. For the same reason, a technical conference is unnecessary in this proceeding. The Commission denied requests for a technical conference in an NGA section 7(b) abandonment proceeding finding “[t]he Commission will deny the requests for either a trial-type hearing or a technical conference. An extensive record has been compiled in this proceeding, enabling the Commission to make a reasoned decision. Moreover, an evidentiary, trial-type hearing is necessary only where material issues of fact are in dispute that cannot be resolved on the basis of the written record.”⁹² The Commission uniformly acts on applications without a technical conference where, as here, the evidence presented demonstrates that the record is adequate to make the necessary findings.⁹³

48. MPSC suggests that a technical conference be held to explore issues related to the transfer of the Pipeline Facilities to Trunkline’s affiliate. No issue of material fact remains to be

⁹⁰ *Algonquin Gas Transmission Co.*, 93 FERC ¶ 61,163 at 61,545 (2000).

⁹¹ *Cerro Wire & Cable Co. v. FERC*, 677 F.2d 124, 129 (D.C. Cir. 1982).

⁹² *Kinder Morgan Interstate Gas Transmission LLC*, 99 FERC ¶ 61,186 at 61,750-51 (2002).

⁹³ *See, e.g., Northern Natural Gas Co.*, 131 FERC ¶ 61,209 at 62,060 (2010) (denying request for technical conference because “the record . . . contains sufficient information to make a reasoned decision on the merits in this proceeding. Thus, no purpose would be served by convening a technical conference.”); *Portland Natural Gas Transmission System*, 111 FERC ¶ 61,430 at 62,788 (2005) (denying request for technical conference because the issues can be “adequately resolved by reference to the materials and pleadings in the record herein”); *El Paso Natural Gas Co.*, 111 FERC ¶ 61,408 at 62,693 (2005) (finding that the record contains “sufficient information and data to make a reasoned decision on the merits” and “no purpose would be served by convening a technical conference”); *Transcontinental Gas Pipe Line Corp.*, 110 FERC ¶ 61,337 at 62,327 (2005) (denying request for technical conference due to the fact that “the record in this proceeding is adequate for [the Commission] to determine whether [the application] is permitted by the public convenience and necessity”); *Center Point Energy - Mississippi River Transmission Corp.*, 109 FERC ¶ 61,091 at 61,389 (2004) (abandonment granted without a technical conference where “record is adequate to make the necessary findings”).

explored with regard to the proposed sale of the Pipeline Facilities to an affiliate designated by Energy Transfer at a purchase price equal to the net book value of the Pipeline Facilities at the time of sale. The designated affiliate will pay for any and all direct, reasonable and necessary costs incurred in connection with the abandonment of the Pipeline Facilities. Therefore, there will be no cost to Trunkline's shippers for the relocation of any points as set out in the Application.⁹⁴ The Commission recently affirmed that a "proposal to transfer jurisdictional natural gas transmission facilities to an affiliate at the net book value of the facilities is consistent with longstanding Commission policy."⁹⁵ In the 2001 Abandonment Order, the Commission approved Trunkline's proposal to charge its affiliate the net book value of the facilities and stated that the sale at net book value "does not result in a gain. There is no Commission requirement that Trunkline sell the transmission facilities to its affiliate at market value or to a non-affiliated purchaser. A sale to an affiliated purchaser at book value is not unfair to current customers."⁹⁶ These clear Commission orders render the proposed technical conference on this issue unnecessary. The record in this proceeding is sufficient for the Commission to find that the proposed abandonment of the Pipeline Facilities is consistent with the public convenience and necessity under NGA section 7(b).

⁹⁴ See *Transwestern Pipeline Co., LLC*, 140 FERC ¶ 61,147 at P 30 (2012) ("We note that Transwestern confirms that it will relocate [the shipper's] primary receipt points at no cost to its 30-inch diameter pipeline, thereby assuring continuity of natural gas transportation service with no additional cost to [the shipper].").

⁹⁵ *Id.* at P 22 (2012) citing *Colorado Interstate Gas Co.*, Docket No. G-124, 3 FPC 42 (1942); *CNG Transmission Corp.*, 70 FERC ¶ 62,097 (1995); *Arkla Gathering Services Co., et al.*, 70 FERC ¶ 61,079 (1995); *Williams Natural Gas Co.*, 69 FERC ¶ 61,384 (1994).

⁹⁶ 2001 Abandonment Order at 62,422-23.

V.
CONCLUSION

WHEREFORE, for the reasons set forth herein, Trunkline Gas Company, LLC respectfully requests that the Commission accept this answer and issue an order authorizing the proposed abandonment of the subject facilities in the manner set forth in the Application.

Respectfully submitted,

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Dated: September 14, 2012

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.

Dated at Washington, DC, this 14th day of September, 2012.

/s/ Jennifer Brough
Jennifer Brough