Index 99 Expansion Project

DOCKET NO. CP19-___-000

Application

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Volume I

Public Information

March 2019
UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Gulf South Pipeline Company, LP

CP19-___-000

ABBREVIATED APPLICATION OF
GULF SOUTH PIPELINE COMPANY, LP FOR A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO
CONSTRUCT AND OPERATE PIPELINE FACILITIES

Pursuant to Sections 7(c) and 7(e) of the Natural Gas Act (“NGA”), 15 U.S.C. §§ 717f(c),(e), and Part 157, of the regulations of the Federal Energy Regulatory Commission (“Commission” or “FERC”), 18 C.F.R. Part 157, Gulf South Pipeline Company, LP (“Gulf South”) submits this abbreviated application for a certificate of public convenience and necessity (“Application”) seeking authority for Gulf South to construct, operate, and maintain (i) approximately 22 miles of 30-inch diameter natural gas pipeline which will parallel along existing utility rights-of-way, including Gulf South’s existing Index 99 located in San Augustine and Sabine Counties, Texas and (ii) other auxiliary appurtenant facilities at both the existing Hall Summit Compressor Station in Bienville Parish Louisiana and the Magasco Compressor Station in Sabine County, Texas, (“Index 99 Expansion Project” or “Project”), as more fully described in this Application.

Gulf South’s Foundation Shipper (referred to herein as the “Customer”) has executed a Precedent Agreement committing to 750,000 dekatherm per day (“Dth/d”) of firm transportation service pursuant to Rate Schedule Firm Transportation Service (“FTS”) - 250,000 Dth/d will utilize existing capacity and 500,000 Dth/d will utilize a combination of the new facilities proposed herein and existing capacity. Specifically, the proposed Index 99 Expansion Project
facilities will provide up to 500,000 Dth/d of new natural gas supply from the Shelby Trough in east Texas to existing interconnects with Transcontinental Gas Pipeline Company, LLC ("Transco") and Sabine Pipe Line, LLC (also known as the “Henry Hub Interconnect”).

This Precedent Agreement was the result of a competitive process in which Gulf South and other pipelines, primarily intrastate pipelines, competed to provide this new, long-term service. Subject to receiving all required authorizations and approvals, Gulf South proposes to begin construction of the Project in the second quarter of 2020 and place the Project in-service by October 1, 2020. Gulf South requests that the Commission complete its review of the Application and grant the requested authorizations in this Application on or before March 19, 2020. The in-service date commitment by Gulf South is a critical component of the agreement between the parties and Gulf South will devote the resources necessary to respond promptly to any requests for additional data or information in order to assist the Commission in its review of this Application. Receipt of an order by March 19, 2020, will allow Gulf South to meet the in-service requirement of the Customer. In support of this abbreviated Application, Gulf South submits the following:

I. APPLICANT

The exact name of Gulf South is Gulf South Pipeline Company, LP, and its principal place of business is 9 Greenway Plaza, Suite 2800, Houston, Texas 77046. Gulf South is a limited partnership organized and existing under the laws of the state of Delaware and is duly authorized to do business in the states of Texas, Louisiana, Mississippi, Alabama, and Florida.

Gulf South is a natural gas company within the meaning of the NGA. It currently owns and operates approximately 7,200 miles of pipeline facilities extending from south and east Texas through Louisiana, Mississippi, southern Alabama, and western Florida. Gulf South has
numerous interconnects with other interstate and intrastate pipelines and storage facilities, which allow it to serve various on-system and off-system markets. Gulf South is an open-access pipeline company that provides transportation and storage services pursuant to Part 284 of the Commission’s regulations.

The names, titles, and mailing addresses of the persons to whom communications and correspondence regarding this filing should be addressed are:

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Each of these persons is designated to receive service in accordance with 18 C.F.R. § 385.203(b)(3). Gulf South requests the Commission to place these persons on the official service list for this proceeding pursuant to 18 C.F.R. § 385.2010. Gulf South requests that the Commission waive Rule 203(b)(3) to allow designated service to each of these persons.
II. PRECEDENT AGREEMENT & OPEN SEASON

BACKGROUND

Resurgent Haynesville

The Shelby Trough, located in the Haynesville formation, has over 25 trillion cubic feet of proved natural gas reserves. Production in the Shelby Trough has increased by 0.4 billion cubic feet per day ("Bcf/d") from November 2017 to November 2018. The Customer is planning on ramping up drilling and completion program over the next several years. Wood Mackenzie predict that Shelby Trough Production will double in the next six years.

The Customer expressed an interest in transportation services which allow Gulf South to attach a significant, growing source of new gas supplies from the Shelby Trough production area to its system. Approximately 500,000 Dth/d of new service required a new 30-inch pipeline in order for Gulf South to provide the requested high pressure natural gas transportation service. The Project will be a primary outlet for the Customer’s new gathering system and treating plant. Under the firm transportation agreement, the Customer will have primary firm rights to receive 500,000 Dth/d of supply from an Index 99 receipt point which will be used to tie into the northern end of the new 30-inch pipeline.

Open Season

In accordance with its FERC Gas Tariff, Gulf South conducted a binding Open Season from Friday, February 1, 2019 through Friday, February 8, 2019. The Customer, by virtue of its signed precedent agreement, was granted Foundation Customer status in the open season. Given the growth in production in this area, Gulf South sought to determine whether there were additional interested customers desiring firm transportation capacity on an incremental 300,000 Dth/d of capacity. The Open Season specified that the Project would utilize a combination of (i) reserved, existing capacity; and (ii) expansion capacity via the Project, including the potential installation of new compression. There were no bids in response to the Open Season. Gulf South therefore designed the Project to meet the Customer’s demand for 500,000 Dth/d of capacity coupled with 250,000 Dth/d of existing capacity.

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1 Gulf South is constructing a new receipt point under Gulf South’s Automatic Construction Blanket Certificate in Docket No. CP82-430-000.
2 The Customer will have primary rights to receive the additional 250,000 Dth/d of capacity from various other existing receipt points on Gulf South’s system.
In the Open Season notice, Gulf South provided notice pursuant to Section 6.20[7] of the General Terms and Conditions of its FERC Gas Tariff that certain unsubscribed capacity would be reserved for the Index 99 Expansion Project beginning as early as October 1, 2020 as follows:

- 265,000 Dth/d utilizing Northbound capacity between the Goodrich and Clarence Compressor Stations;
- 300,000 Dth/d utilizing Northbound capacity between the Clarence and Hall Summit Compressor Stations;
- 300,000 Dth/d utilizing Eastbound capacity between the Clarence and Olla Compressor Stations;
- 300,000 Dth/d utilizing Southbound capacity between the Olla Compressor Station and the terminus of Index 188;
- 100,000 Dth/d utilizing Southbound capacity between the Hall Summit and Clarence Compressor Stations
- 450,000 Dth/d utilizing Eastbound capacity between the Hall Summit Compressor Station and the terminus of Index 818.

Gulf South stated any capacity reserved will be made available for transportation pursuant to Gulf South’s FERC Gas Tariff on a limited-term basis up to the commencement date of the Project. Gulf South and the Customer entered into a Precedent Agreement which provides that the Customer will enter into a firm transportation agreement under Rate Schedule FTS under which Gulf South will provide a total of 750,000 Dth/d of capacity through a combination of existing capacity (250,000 Dth/d) and Project capacity (500,000 Dth/d) subject to negotiated rates and will allow the Customer to transport new gas supplies from the Shelby Trough production area for delivery to markets along the Gulf Coast region of the United States (“U.S.”).

**FTS Service Agreement**

If the Index 99 Expansion Project is approved by the Commission, the Customer will execute a conforming service agreement under Rate Schedule FTS for 750,000 Dth/d. The FTS Service Agreement will have a term of ten years and will be placed in service on October 1, 2020. The Customer will have access to various eligible primary receipt points as well as
existing supplemental receipt points on Gulf South’s existing system at the negotiated rate. The Precedent Agreement states that Gulf South will provide the service under its Rate Schedule FTS and the Customer will source natural gas supplies from various receipt points, including points on the Project and on Gulf South’s existing system, for delivery to the Henry Hub and the Transco 85 Interconnects.

Transportation will be provided in accordance with Gulf South’s existing Rate Schedule FTS, conforming FTS service agreement, and FERC Gas Tariff. No new Tariff provisions are required to facilitate service on the Project. The Precedent Agreement between the Customer and Gulf South is included in Exhibit I, Volume II, of this Application and filed with a request for Privileged Treatment under 18 C.F.R. § 388.112 (2018) and marked “CUI/PRIV” and “Contains Privileged Information – Do Not Release”.

III. AUTHORIZATION REQUESTED AND DESCRIPTION OF FACILITIES

Gulf South is seeking authorization to construct, operate, and maintain the Index 99 Expansion Project consisting of a new pipeline and auxiliary, appurtenant facilities in San Augustine and Sabine Counties, Texas, along with other auxiliary, appurtenant facilities in Bierville Parish, Louisiana. Specifically, Gulf South proposes (1) approximately 22 miles of 30-inch diameter natural gas pipeline which will parallel Gulf South’s existing Index 99 pipeline terminating at Gulf South’s existing Magasco Compressor Station, including auxiliary facilities and yard and station piping at its Magasco Compressor Station to be able to tie into Index 129, and (2) auxiliary facilities at its existing Hall Summit Compressor Station in Bierville Parish Louisiana, consisting of yard and station piping and a valve which will allow 300,000 Dth/d per
day flowing on Index 129 to flow from Index 326 and into Gulf South’s existing 42-inch Expansion Facilities (“Expansion Facilities”).

The primary purpose of the proposed Project is to provide an additional 500,000 Dth/d of firm natural gas transportation service to the Customer to transport natural gas supplies from East Texas to serve markets along the Gulf Coast region of the U.S. The new 30-inch pipeline will tie-in at the existing Magasco Compressor Station and provide the Customer access to existing capacity to provide firm transportation service for the Customer from the contracted receipt point on Gulf South’s system to the Transco 85 Interconnect and the Henry Hub Interconnect.

A detailed Project location map of the new pipeline is provided in Exhibit F, Volume I, and a detailed description of the proposed facilities to be constructed is provided in the attached Environmental Resource Report included in Exhibit F-I, Volume I-A. The estimated capital cost of the proposed Project is approximately $75 million as detailed in the attached Exhibit K, Volume I.

The flow diagrams and data demonstrate the daily design and the maximum capability of the Project facilities. Exhibit G-1, Page 3 of 4, illustrates the daily design capability of 505,000 Dth/d including fuel created by the proposed pipeline from the new receipt point in San Augustine County to the discharge side of the Magasco Compressor Station under the existing operational capabilities and conditions. Exhibit G-1, page 4 of 4, illustrates that the maximum capability for the proposed pipeline is equivalent to the daily design capability. They are equivalent because there is no available mainline takeaway capacity from the Magasco Compressor Station. Any additional quantities above those reflected in Exhibit G-1, page 4 of 4, would require additional compression or looping facilities to be constructed by Gulf South and approved under a separate FERC Certificate. Gulf South intends to continue to operate the 12-
inch Index 99 pipeline in medium pressure service (500-800 pounds per square inch gauge “psig”) as it does today. Gulf South has received expressions of interest to maintain these prevailing pressure for transportation services in the area.

The flow diagrams also illustrate an additional operating mode for the Hall Summit Compressor Station whereby the installation of auxiliary facilities will allow 300,000 Dth/d per day flowing on Index 129 to flow from Index 326 and into Gulf South’s existing 42-inch Expansion Facilities. This facilitates delivery to the existing Transco 85 Interconnect on the Expansion Facilities in Choctaw County, Alabama.

The Exhibits G, G-I, and G-II are provided in Volume III, of this Application and filed under a request for treatment as Critical Energy Infrastructure Information under 18 C.F.R. § 388.112 and marked “CUI/CEII” and “Contains Critical Energy Infrastructure Information - Do Not Release”.

The facilities proposed herein will be constructed in compliance with all applicable rules and regulations, and operated in accordance with the applicable federal pipeline safety regulations of the U.S. Department of Transportation.

IV. RATE TREATMENT

The Index 99 Expansion Project is fully supported under the Customer’s Precedent Agreement. The Precedent Agreement is included in Exhibit I, Volume II and filed as Privileged and Confidential information as part of this Application. Prior to the Project being constructed, the Customer will execute the Transportation and Negotiated Rate Agreements with a primary term of ten years.\(^3\) Gulf South will offer any unsubscribed or available capacity created by the

\(^3\) See Exhibit I. The Transportation and Negotiated Rate Agreements will be executed prior to the in-service date of the Index 99 Expansion Project and the Negotiated Rate Agreements will be filed with the Commission in
Project facilities to all customers in accordance with its FERC Gas Tariff. Gulf South requests (i) authority to charge its existing system-wide rates as the recourse rates for the facilities to be constructed under this Project and (ii) a predetermination that it may roll the Project costs into its Commission-approved system wide rates in a future rate proceeding.

**Project Rates**

The Commission should grant Gulf South’s proposal to utilize its existing system-wide Rate Schedule FTS rates as the initial recourse rates for firm transportation service on the Project. Gulf South is providing its Exhibit N, which utilizes its last-stated capitalization (including capital structure and returns on equity and debt) from Docket No. RP97-373-000 consistent with the Commission’s recent direction to pipelines to utilize their last stated capitalization components in the development of rates for certificate projects.4 As shown in the attached Exhibit N, Volume I, the incremental cost-based transportation rates for the Project calculated on a stand-alone basis would be less than Gulf South’s existing approved maximum transportation rate for Rate Schedule FTS. The current maximum daily FTS reservation charge is $0.3380 per Dth. The calculated stand-alone daily FTS reservation charge for the proposed expansion facilities is $0.0712 per Dth. Because Gulf South’s existing system wide rates will fully recover the costs of the Project, existing customers will not subsidize any of the Project’s costs.

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4 On February 1, 2019, the Commission denied Gulf South’s request for rehearing of the Commission’s determination that Gulf South must use its last-approved capital structure and cost of capital when computing the rate of return to be used in designing the rates of the Westlake Expansion Project. *Gulf South Pipeline Company, LP*, 166 FERC ¶ 61,089 (2019). By proposing to utilize Gulf South’s last-approved capitalization components in this proceeding, Gulf South is not waiving its right to seek review of the Commission’s rate determinations regarding the Westlake Expansion Project.
The project is fully supported by the Customer’s Precedent Agreement. The service agreement will contain a negotiated demand rate and is also subject to applicable surcharges and fuel retention percentages reflected in Gulf South’s FERC Gas Tariff. The FTS Agreement reflected in the Precedent Agreement are included in Exhibit I, Volume II of this Application, and filed under a request for Privileged Treatment as part of this Application and marked “CUI//PRIV” and “Contains Privileged Information – Do Not Release”.

Request for Predetermination of Rolled-in Rate Treatment

The Project qualifies for a pre-determination of rolled-in rate treatment. Under Commission precedent and policy, a predetermination of rolled-in rate treatment for a proposed project’s costs is generally appropriate when the revenues to be generated by a project’s services exceed the costs of the project.5 In calculating these revenues, the Commission compares the cost of a project to the revenues that would be generated using actual contract volumes and either the maximum recourse rate or the actual negotiated rate, whichever is lower.6 The incremental cost-based transportation rates calculated on a stand-alone basis for the Project would be less than Gulf South’s existing approved maximum transportation rate for Rate Schedule FTS. As outlined in Exhibit N, Volume I, the revenues associated with the Project exceed the calculated cost of service. A predetermination of rolled-in rate treatment will lower rates for all of Gulf South’s Rate Schedule FTS customers across the system in a future rate proceeding as Gulf South’s system-wide rates will be reduced as a result of rolling-in the costs of the Project into the currently approved system-wide rates. Rolling-in the costs into the system-wide rates will not adversely affect any customer. In addition, the proposed Project facilities are physically integrated with the Gulf South Legacy System.

6 Id.
Gulf South further proposes to use its existing system-wide fuel rate for service on the Project and requests a predetermination for rolled-in rate treatment for fuel and lost and unaccounted for gas. Based on operational expectations, Gulf South has compared the projected fuel rate for the Project against the most recent fuel rate for Gulf South’s Legacy System that was filed in Gulf South’s Fuel Tracker and approved in Docket No. RP19-224-000. As demonstrated in the table below, Gulf South projects that the Project will have the effect of reducing the general system fuel rate to the benefit of all system shippers.

| Compared Projected Fuel Rate Against Fuel Rate For Gulf South Legacy System |
|-------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Gulf South System Fuel Consumption & Throughput (in Dth) | Projected Fuel Retention Percentage (PFRP) | Add: Index 99 Lateral | Adjusted PFRP | |
| Total In-Kind System Fuel, Company-Used Gas and Gas Equivalent Quantities | Line 7 | 15,261,119 | 1,423,500 | 16,684,619 |
| Throughput Eligible for Fuel and Company-Used Gas | Line 8 | 1,069,561,060 | 182,500,000 | 1,252,061,060 |
| Total System Fuel and Company-Used Gas | Line 9 | 1.43% | 0.78% | 1.33% |

To calculate fuel, Gulf South utilized Throughput and Fuel data from page 4 of 4 of the Exhibit G provided in Volume III.

The Commission should authorize Gulf South to utilize its existing system transportation and fuel rates and make a predetermination that Gulf South may roll the costs of the Project into Gulf South’s system-wide rates in a future rate proceeding.

V. ENVIRONMENTAL MATTERS

Environmental Impacts

Gulf South has designed the Project to minimize any adverse environmental impacts. As further detailed in the Environmental Report, attached as Exhibit F-I, Volume 1-A the proposed construction will incorporate proven construction techniques and mitigation procedures and will
result in no significant impact to the quality of human health, the environment, and affected landowners. Gulf South has designed the proposed facilities in a manner that avoids or minimizes adverse impact on landowners, typical residential neighborhoods, or sensitive resources such as streams, wetlands, forests, and any threatened or endangered species or any cultural resource to the extent possible. As a method to avoid or minimize impacts, Gulf South will utilize horizontal directional drillings under waterbody crossings that may contain threatened or endangered species and/or will avoid areas in which constructability by conventional means is not feasible. Utilizing construction and restoration methods that comply with the Commission’s May 2013 Upland Erosion Control Revegetation and Maintenance Plan (“Plan”) and Wetland and Waterbody Construction and Mitigation Procedures (“Procedures”) will ensure that any adverse impacts will be limited and temporary. In addition, copies of the applicable agency consultation letters necessary under the Endangered Species Act, the National Historic Preservation Act, the Clean Air Act, and the Clean Water Act are included in the attached Environmental Report. Gulf South has engaged in consultations and coordination with the affected federal, state, and local government agencies, and appropriate federally-recognized tribes in Texas concerning the proposed construction activities associated with the Project, and will continue to discuss specific concerns or requirements should they be raised.

In order to minimize the Project’s pipeline footprint, Gulf South proposes to parallel a total of approximately 20.28 miles, or 93 percent, of the proposed pipeline along existing utility rights-of-way, including its existing Index 99 pipeline. Construction of the proposed Project will require the use of approximately 391.49 acres of land, resulting in both temporary and permanent land disturbance. Following construction activities, approximately 229.01 acres of land consisting of those areas necessary to facilitate construction, including the construction right-of-
way and additional temporary workspace, will be restored to preconstruction conditions. Permanent impact areas associated with the operation of the proposed facilities, totaling approximately 162.48 acres, will be associated with the new maintained pipeline right-of-way, the aboveground facilities located along the proposed 30-inch pipeline, and new permanent access roads.

Gulf South conducted detailed analyses to determine the potential impacts the Project would have on air and noise quality in the Project area. To minimize and mitigate for the impacts identified in the analyses, Gulf South would implement measures designed to reduce air and noise emissions during construction and operation of the Project facilities. All measures would be implemented in accordance with all applicable federal, state, and local regulations. Alignment sheets for the pipeline and aerial photographs are included in Appendix 1A, in Resource Report 1.

**Public Outreach**

Gulf South commenced project development activities in Fall 2018, in order to evaluate various routes for the Project. Gulf South held discussions with the Customer regarding the location of its new treating plant along the utility corridor which Gulf South has selected for its preferred route. Gulf South has selected the current route as it will parallel approximately 93 percent along the existing Index 99 pipeline and other utility corridors to lessen the environmental and landowner impacts.

To introduce stakeholders to the Project and facilitate stakeholder communication, in January 2019, Gulf South commenced contacting elected officials at the local and state level to discuss the Project. The discussions covered the pipeline system, engineering and construction,
environmental protection, the regulatory process, and survey/route information. Gulf South has continued to keep elected officials apprised of the project and will continue to do so.

In January 2019, Gulf South mailed survey permission letters to potentially affected landowners. At the time of filing this application, Gulf South has obtained survey permission from 54 of the directly affected 58 landowners. Gulf South has been actively engaged with the potential landowners along the proposed route. Based on landowner preference, Gulf South has used mail, phone calls, email, text messaging and/or meetings with the landowners to discuss this project. During February 2019, Gulf South met with many landowners utilizing parcel-specific plot plans to discuss the location of the pipeline workspaces on their properties. These meetings were held ahead of the scheduled open house in order to answer any specific questions from landowners.

On March 19, 2019, Gulf South held an open house in San Augustine County, Texas and was publicized via direct mail invitations to property owners directly impacted by the pipeline route. Gulf South conducted the open house which included an overview of the proposed Project and opportunities for discussions with company personnel well-versed in issues of interest to citizens and landowners, such as: pipeline construction and operating safely, the regulatory process, engineering and construction, environmental protection, and company and community benefits information.

Gulf South has developed a Project specific website which can be accessed at (www.gulfsouthpl.com/index99exp). The website addresses general information about the Project, landowners’ Frequently Asked Questions, and information about the regulatory process, environmental protection, and safety. The website will also provide information about how to
VI.
PUBLIC CONVENIENCE AND NECESSITY

A. Index 99 Expansion Project

The Project satisfies the criteria for justifying a new project under the Commission’s Certification of New Interstate Natural Gas Pipeline Facilities Policy Statement (“Certificate Policy Statement”).\(^7\) The Project will provide the following public benefits: providing an outlet for newly-developed natural gas reserves, meeting unserved demand, providing new transportation capacity, constructing new interconnects that improve the interstate grid, and providing competitive interstate alternatives. The Precedent Agreement and the obligation to enter into long-term firm transportation contracts for essentially all of the Project’s capacity demonstrates the strong public need for a proposed project.\(^8\) The Project satisfies the requirements of the Certificate Policy Statement, as demonstrated below, and is required by the present and future public convenience and necessity.

B. Compliance with the Commission’s Certificate Policy Statement

The Commission’s Certificate Policy Statement provides guidance regarding how the Commission will evaluate pipeline construction proposals under Section 7(c) of the NGA to determine if the requested construction is necessary and will serve the public interest. In deciding whether to authorize the construction of major new pipeline facilities, the Commission will balance the public benefits created by the proposed project against potential adverse consequences. The Commission will give appropriate consideration to the enhancement of

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\(^8\) 88 FERC at pp. 61,744-48.
competitive transportation alternatives, the possibility of overbuilding, subsidization by existing customers, the Applicant’s responsibility for unsubscribed capacity, the avoidance of unnecessary disruptions of the environment, and the unneeded exercise of eminent domain in evaluating new pipeline construction.

Pursuant to the Certificate Policy Statement, the threshold requirement for a pipeline proposing a new project is that the pipeline must be prepared to financially support the project without relying on subsidization from its existing customers. Once the no-subsidization requirement has been met, the next inquiry is whether the Project has adverse effects on (i) the Applicant’s existing customers, (ii) existing pipelines in the market and their captive customers, or (iii) landowners and communities affected by the route of the new pipeline. If residual adverse effects on these interest groups are identified after efforts have been made to minimize them, the Commission will evaluate the project by balancing the evidence of public benefits to be achieved against these residual adverse effects. The Commission has stated that this essentially is an economic test.\(^9\) Only when the benefits outweigh the adverse effects on economic interests will the Commission proceed to complete the environmental analysis. Gulf South’s proposed Index 99 Expansion Project satisfies all of the requirements of the Certificate Policy Statement.

1. **Existing Shippers Will Not Subsidize the Project**

   Under the Certificate Policy Statement, the threshold requirement for applicants proposing new construction projects is that the applicant must be prepared to financially support the project without relying on subsidization from existing customers.\(^{10}\)

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\(^9\) *Id.* at p. 61,745.

\(^{10}\) *Id.* at p. 61,745.
As explained in Section IV, existing Gulf South customers will not subsidize the costs of the Project. The Precedent Agreement commits the Customer to enter into firm transportation agreements for a period ten years and will cover the costs of the integrated Project. Existing transportation customers on Gulf South’s system will not subsidize the costs of the integrated Project because, as illustrated in Exhibit N, Volume I, the expected revenues exceed Project costs. Gulf South, therefore, is not relying on subsidization from existing transportation customers for the integrated Project facilities and has satisfied this threshold element of the Certificate Policy Statement.

2. **The Project Will Have No Adverse Impacts on Gulf South’s Existing Customers and Existing Pipelines in the Market and Their Captive Customers.**

The Project will have no adverse impacts on Gulf South’s existing customers and existing pipelines in the area or their captive customers. The Project is fully supported by the Precedent Agreement with the Customer and is being constructed to provide firm service to ultimate destination to serve markets along the Gulf Coast regions of the U.S. The Project will not impact Gulf South’s ability to continue to provide natural gas transportation service to its existing shippers. In fact, rather than adversely impacting its existing customers and other pipelines in the area and their captive customers, the proposed facilities will enhance Gulf South’s infrastructure in East Texas, improve access to new supplies of natural gas, serve new market demand, enhance competition within the U.S. for natural gas transportation and supply, and provide additional receipts, transportation and outlets for Gulf Coast natural gas supplies.

The Shelby Trough has over 25 trillion cubic feet of proved natural gas reserves. Production in the Shelby Trough has increased by 0.4 Bcf/d from November 2017 to November

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11 Gulf South’s Index 99 currently provides medium (500-800 psig) pressure service. Long-term Gulf South’s existing Index 99 will continue to serve customers in the area requesting these prevailing pressures. The new proposed 30-inch pipeline will be operated in higher pressure service. *See* Exhibit G, G-1.
2018. Wood Mackenzie predicts that the Shelby Trough production will double in the next 6 years. The Project allows Gulf South to attach a significant, growing source of supply in the Shelby Trough area to its system. Providing this new service to the Customer as part of this Project will not adversely impact Gulf South’s ability to provide service to its existing customers or existing pipelines or their captive customers. Any potential adverse effects on other pipelines will be outweighed by the market’s access to additional supplies and increase in the diversity of supply sources.12


The Index 99 Expansion Project has been designed to minimize impact on affected landowners, residences, and communities. The proposed 30-inch pipeline will run parallel along existing utility rights-of-way, for approximately 93 percent of its length. Gulf South has been working with, and will continue to work with, landowners, community representatives, and other stakeholders to minimize any concerns regarding the right-of-way and temporary workspace needed to construct this project. Gulf South has obtained survey permission from 95 percent of the affected landowners for the Project. Gulf South is committed to secure any needed rights-of-way through good faith negotiations, wherever possible, to minimize the need for condemnation proceedings. Given the fact that the Project parallels existing utility corridors for almost its entire length and that Gulf South has already secured survey permission from all but a handful of landowners, Gulf South has taken steps to minimize impacts to landowners and communities.

4. Project Benefits Outweigh Residual Adverse Impacts

Through the design of the Project, Gulf South has minimized potential impacts of the facilities on its existing customers, other pipelines and their captive customers, and landowners

12 The Commission has recognized that it need not protect competitors from competition. Instead the goal is to ensure fair competition. Id at p. 61,748.
and communities. To the extent that adverse impacts still occur, the benefits of the Project outweigh these impacts. The Index 99 Expansion Project:

(i) will meet unmet demand and is supported by a customer that has signed a binding, long-term Precedent Agreement for firm transportation service for the full capacity created by the Project;

(ii) will enhance Gulf South’s ability to provide firm transportation service to its customers;

(iii) will not be subsidized by Gulf South’s existing customers;

(iv) will have minimal adverse effect on landowners; and

(v) will not have a significant impact on the environment.

The Project is necessary to provide firm transportation service to the Customer for ultimate destination to serve markets along the Gulf Coast of the U.S. The Haynesville region of Texas and Louisiana is experiencing a resurgence of production and, specifically, the Shelby Trough production is projected to double in the next six years. The Index 99 Expansion Project is required to expand the capabilities of Gulf South’s infrastructure to serve its customers and meet this currently unmet demand for natural gas transportation service. The new pipeline is needed to transport and deliver the required natural gas needed for the markets along the Gulf Coast region of the U.S.

Gulf South’s proposed Index 99 Expansion Project is required by the present and future public convenience and necessity. The Project will serve demand for natural gas transportation by allowing Gulf South to provide up to 750,000 Dth/d of new and existing firm transportation service under Rate Schedule FTS to the Customer to satisfy the growing demand for natural gas by local distribution companies, industrial users, and power generation facilities along the Gulf
Coast region of the U.S. via the Henry Hub Interconnect and the Transco 85 Interconnect, which serves markets in Florida and communities along the Atlantic coast.

Gulf South, therefore, requests the Commission authorize the construction and operation of the Project and issue a certificate of public convenience and necessity by March 19, 2020. This will allow Gulf South to place the Project in service by October 1, 2020, as required by the Project Customer.

**VII. OTHER APPLICATIONS AND FILINGS**

Gulf South is not aware of any other application to supplement or effectuate this Application that must or will be filed by Gulf South, its customers, or any other person with any federal, state, or regulatory body in order to complete the Index 99 Expansion Project.

**VIII. NOTICES**

Pursuant to 18 C.F.R. §§ 157.6 and 157.9 of the Commission’s Regulations, a form of notice of this Application, suitable for publication in the Federal Register, is attached. Pursuant to 18 C.F.R. § 157.10 of the Commission’s Regulations, Gulf South will provide a complete copy of this Application to a central public library in each county in the Project area within three business days of the filing of this Application.

Pursuant to 18 C.F.R. § 157.6 (d), Gulf South will make a good faith effort to notify all landowners, towns, communities, and local, state, and federal governments and agencies involved in the project in accordance with this section.

**IX. DESCRIPTION OF EXHIBITS**

This is an abbreviated application filed pursuant to Section 157.7 of the Commission’s regulations under the NGA. Listed are the exhibits required under 18 C.F.R. § 157.14(a). Gulf
South has omitted the exhibits and data that are inapplicable or are unnecessary for this Application. A list of exhibits and documents filed with this Application, incorporated by reference, and omitted with reasons relied upon are submitted herewith and as follows.

Exhibit A  **Articles of Incorporation and By-laws**
Omitted. Gulf South filed as Exhibit A in Docket No. CP02-155 and incorporated herein by reference.

Exhibit B  **State Authorization**
Omitted. Gulf South filed as Exhibit B in Docket No. CP02-155 and incorporated herein by reference.

Exhibit C  **Company Officials**
Submitted herewith.

Exhibit D  **Subsidiaries and Affiliation**
Omitted. Gulf South filed as Exhibit D in Docket No. CP19-3 and incorporated herein by reference.

Exhibit E  **Other Pending Applications and Filings**
Omitted. Gulf South has no other applications or filings pending before the Commission that might significantly affect the instant application.

Exhibit F  **Location of Facilities**
Submitted herewith.

Exhibit F-I  **Environmental Report**
Submitted herewith in Volume I-A.

Exhibit G,G-I  **Flow Diagrams**
Submitted herewith. Information for Exhibits G, and G-I is included in Volume III, and labeled as “CUI/CEII” and “CONTAINS CRITICAL ENERGY INFRASTRUCTURE INFORMATION – DO NOT RELEASE” as defined in 18 C.F.R. §388.113(c).

Exhibit G-II  **Flow Diagram Data**
Submitted herewith. Information for Exhibit G-II is included in Volume III, and labeled as “CUI/CEII” and “CONTAINS CRITICAL ENERGY INFRASTRUCTURE INFORMATION – DO NOT RELEASE” as defined in 18 C.F.R. §388.113(c).

Exhibit H  **Total Gas Supply Data**
Omitted.
Exhibit I  Market Data
Submitted herewith. The Precedent Agreement is submitted in Volume II and designated as “CUI/PRIV” and “PRIVILEGED INFORMATION – DO NOT RELEASE” as it contains sensitive commercial information.

Exhibit J  Federal Authorizations
Submitted herewith.

Exhibit K  Cost of Facilities
Submitted herewith.

Exhibit L  Financing
Omitted. Gulf South will finance the proposed construction with funds generated internally, through borrowings, bond offerings, and/or equity offerings.

Exhibit M  Construction, Operation and Management
Omitted. Gulf South will construct or cause to be constructed, owned, operated, and maintained the proposed facilities.

Exhibit N  Revenues - Expenses - Income
Submitted herewith.

Exhibit O  Depreciation and Depletion
Omitted. Depreciation is reflected in Exhibit N.

Exhibit P  Tariff
Omitted. Gulf South does not propose to implement any new rates, change any existing rates or rate schedules, or make other tariff changes associated with this Application.

X. WAIVER

Pursuant to Rules 801 and 802 of the Commission’s Rules of Practice and Procedure,\textsuperscript{13} Gulf South requests that the intermediate decision procedure be omitted, and waives oral hearing and opportunity for filing exceptions to the decision of the Commission. Under these procedures, the decision of the Commission will be final, but subject to reconsideration by the Commission upon request for rehearing, as provided by statute.

\textsuperscript{13} Id. at §§ 385.801 and 385.802.
XI. CONCLUSION

WHEREFORE, Gulf South requests the Commission review the proposal contained herein and, no later than March 19, 2020, issue a certificate of public convenience and necessity providing authority for Gulf South to construct, operate, and maintain (i) approximately 22 miles of 30-inch diameter natural gas pipeline which will parallel along existing utility rights-of-way, including Gulf South’s existing Index 99 located in San Augustine and Sabine Counties Texas, (ii) and other auxiliary appurtenant facilities at both the existing Hall Summit Compressor Station in Bienville Parish Louisiana and the Magasco Compressor Station in Sabine County, Texas, as more fully described in this Application. Gulf South also seeks any and all additional authorizations or waivers deemed necessary by the Commission to accomplish the purpose of this Application.

Respectfully submitted,

GULF SOUTH PIPELINE COMPANY, LP

[Signature]

Juan Eligio Jr.
Supervisor, Regulatory Affairs
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Gulf South Pipeline Company, LP  
Docket No. CP19-___-000

NOTICE OF APPLICATION

(April __, 2019)

Take notice that on March 29, 2019, Gulf South Pipeline Company, LP ("Gulf South"), 9 Greenway Plaza, Suite 2800, Houston, Texas 77046, filed in the above referenced docket, pursuant to section 7(c) of the Natural Gas Act (NGA) this abbreviated application for a certificate of public convenience and necessity.

Gulf South proposes to construct, operate, and maintain (i) approximately 22 miles of 30-inch diameter natural gas pipeline in San Augustine and Sabine Counties, Texas, and (ii) other auxiliary appurtenant facilities at both the existing Hall Summit Compressor Station in Bienville Parish, Louisiana and the Magasco Compressor Station in Sabine County, Texas ("Index 99 Expansion Project"). The proposed Index 99 Expansion Project will allow Gulf South to provide up to 750,000 dekatherm per day to its customer, which is seeking to transport new and existing gas supplies to markets along the Gulf Coast regions of the United States.

Any questions regarding this application may be directed to Juan Eligio Jr., Supervisor of Regulatory Affairs, Gulf South Pipeline Company, LP, 9 Greenway Plaza, Suite 2800, Houston, Texas 77046; by telephone at (713) 479-3480 or by email at juan.eligio@bwpmplp.com or Payton Barrientos, Senior Regulatory Analyst, Gulf South Pipeline Company, LP, 9 Greenway Plaza, Suite 2800, Houston, Texas, 77046; by telephone at (713) 479-8157 or by email at payton.barrientos@bwpmplp.com.

Pursuant to section 157.9 of the Commission's rules, 18 CFR 157.9, within 90 days of this Notice the Commission staff will either: complete its environmental assessment (EA) and place it into the Commission’s public record (eLibrary) for this proceeding; or issue a Notice of Schedule for Environmental Review. If a Notice of Schedule for Environmental Review is issued, it will indicate, among other milestones, the anticipated date for the Commission staff's issuance of the final environmental impact statement (FEIS) or EA for this proposal. The filing of the EA in the Commission’s public record for this proceeding or the issuance of a Notice of Schedule for Environmental Review will serve to notify federal and state agencies of the timing for the completion of all necessary reviews, and the subsequent need to complete all federal authorizations within 90 days of the date of issuance of the Commission staff's FEIS or EA.

There are two ways to become involved in the Commission's review of this project. First, any person wishing to obtain legal status by becoming a party to the proceedings for this project should, on or before the comment date stated below file with the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426, a motion to intervene in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 385.214 or 385.211) and the Regulations under the NGA (18 CFR 157.10). A person obtaining party status will be placed on the service list maintained by the Secretary of the Commission and will receive copies of all documents filed by the applicant and by all other parties. A party must submit 7 copies of filings made in the proceeding with the Commission and must mail a copy to the applicant and to every other party. Only parties to the proceeding can ask for court review of Commission orders in the proceeding. The Commission strongly encourages electronic submissions of comments, protests and interventions in lieu of paper using the “eFiling” link at http://www.ferc.gov. Persons unable to file electronically should submit an original and 5 copies of the
protest or intervention to the Federal Energy regulatory Commission, at the address above. Only parties to
the proceeding can ask for court review of Commission orders in the proceeding.

However, a person does not have to intervene in order to have comments considered. The
second way to participate is by filing with the Secretary of the Commission, as soon as possible, an
original and two copies of comments in support of or in opposition to this project. The Commission will
consider these comments in determining the appropriate action to be taken, but the filing of a comment
alone will not serve to make the filer a party to the proceeding. The Commission's rules require that
persons filing comments in opposition to the project provide copies of their protests only to the party or
parties directly involved in the protest.

Persons who wish to comment only on the environmental review of this project should submit
an original and two copies of their comments to the Secretary of the Commission. Environmental
commenters will be placed on the Commission's environmental mailing list, will receive copies of the
environmental documents, and will be notified of meetings associated with the Commission's
environmental review process. Environmental commenters will not be required to serve copies of
filed documents on all other parties. However, the non-party commenters will not receive copies of
all documents filed by other parties or issued by the Commission (except for the mailing of
environmental documents issued by the Commission) and will not have the right to seek court review of
the Commission's final order.

The filing may also be viewed on-line at http://www.ferc.gov using the “eLibrary” link and is
available for review in the Commission’s Public Reference Room in Washington, DC. There is an
“eSubscription” link on the web site that enables subscribers to receive email notification when a
document is added to a subscribed docket. For assistance with any FERC Online service, please email
FERC at FERCONlineSupport@ferc.gov or call toll-free, (866) 208-3676 or for TYY, (202) 502-8659.

Comment Date: 5:00 pm Eastern Time on ______________, 2019.

Kimberly D. Bose
Secretary
COMPANY OFFICIALS
OFFICERS

Effective Date: February 7, 2019

Stanley C. Horton
President and Chief Executive Officer

Jamie L. Buskill
Senior Vice President, Chief Financial & Administrative Officer and Treasurer

Michael E. McMahon
Senior Vice President, General Counsel and Secretary

Steven A. Barkauskas
Senior Vice President, Controller and Chief Accounting & Information Officer

John L. Haynes
Senior Vice President and Chief Commercial Officer

Mercy Kamps
Senior Vice President Human Resources, Communications & Investor Relations

Kenneth G. Ballard
Vice President Industrial Markets

Jeffrey Bittel
Vice President Marketing & Origination

Ira (Tony) Case
Regional Vice President

Kerry J. Comeaux
Vice President System Optimization

Christine Fernandez
Vice President Accounting and Assistant Controller

Shelley Frisby
Vice President Marketing & Origination

Lisa Gauthier
Vice President Information Technology

Benjamin K. Johnson
Vice President Rates & Tariffs

James D. Jones
Vice President Tax and Risk Management

M. Susan LaMar
Vice President Treasury Services and Assistant Treasurer

Jill McLain
Vice President Supply Development

Derryl D. Morgan
Vice President Customer Service

E. Adina Owen
Assistant Secretary

Rudy H. Perciful
Regional Vice President

David B. Perkins
Vice President Environmental, Safety & Security

Douglas W. Ray
Vice President Marketing & Optimization

Tony G. Rizk
Vice President Technical Services

Alan K. Rodecker
Vice President System Optimization

Jeffrey R. Roper
Vice President and Assistant General Counsel, Assistant Secretary

Jeffrey L. Sanderson
Vice President Field Operations

J. Kyle Stephens
Vice President Regulatory Affairs

James Sumpter
Vice President Information Technology Operations and Security

Kimberly Tarr
Vice President Engineering

Gregory R. Terry
Regional Vice President

Carrie Whitney
Assistant Secretary

Richard E. Whitworth
Vice President Business Development

Debora H. York
Vice President Optimization

Randall P. Young
Vice President Regulatory Compliance & Corporate Services
LOCATION OF FACILITIES
FLOW DIAGRAMS

CONTAINS CRITICAL ENERGY INFRASTRUCTURE INFORMATION CEII

SEE VOLUME III
FLOW DIAGRAM DATA

CONTAINS CRITICAL ENERGY INFRASTRUCTURE INFORMATION CEII

SEE VOLUME III
MARKET DATA

CONTAINS PRIVILEGED INFORMATION

SEE VOLUME II
FEDERAL AUTHORIZATIONS
<table>
<thead>
<tr>
<th>Agency or Organization</th>
<th>Permit/Approval</th>
<th>Submittal/ Anticipated Submittal</th>
<th>Anticipated Receipt</th>
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<tr>
<td><strong>Federal</strong></td>
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<tr>
<td>Federal Energy Regulatory Commission</td>
<td>Certificate of Public Convenience and Necessity</td>
<td>March 29, 2019</td>
<td>1st Quarter 2020</td>
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<tr>
<td>U.S. Fish and Wildlife Service, Texas Coastal Ecological Services Field Office</td>
<td>Endangered Species Act, Section 7</td>
<td>March 29, 2019</td>
<td>4th Quarter 2019</td>
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<td>U.S. Fish and Wildlife Service, Louisiana Ecological Services Field Office</td>
<td>Endangered Species Act, Section 7</td>
<td>March 29, 2019</td>
<td>4th Quarter 2019</td>
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<td>U.S. Army Corps of Engineers, Fort Worth District</td>
<td>Section 404 (Nationwide Permit [NWP] 12)</td>
<td>March 29, 2019</td>
<td>4th Quarter 2019</td>
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<td>U.S. Environmental Protection Agency</td>
<td>NPDES Permit for Hydrostatic Test Discharge</td>
<td>4th Quarter 2019</td>
<td>2nd Quarter 2020</td>
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<td><strong>State</strong></td>
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<td>Railroad Commission of Texas</td>
<td>Section 401 Water Quality Certification (automatic with NWP 12)</td>
<td>March 29, 2019</td>
<td>4th Quarter 2019</td>
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<td>Texas Parks and Wildlife Department</td>
<td>Threatened and Endangered Species Clearance</td>
<td>March 29, 2019</td>
<td>4th Quarter 2019</td>
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<td>Louisiana Department of Wildlife and Fisheries</td>
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<td>March 29, 2019</td>
<td>4th Quarter 2019</td>
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<td>Texas State Historic Preservation Office</td>
<td>Section 106 of the National Historic Preservation Act Clearance</td>
<td>March 29, 2019</td>
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<td>Louisiana Office of Cultural Development</td>
<td>Section 106 of the National Historic Preservation Act Clearance</td>
<td>March 29, 2019</td>
<td>4th Quarter 2019</td>
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<td>Texas Department of Transportation</td>
<td>Utility Crossing / Temporary Driveway Permit</td>
<td>2nd Quarter 2020</td>
<td>2nd Quarter 2020</td>
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<tr>
<td><strong>Local</strong></td>
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<td></td>
</tr>
<tr>
<td>San Augustine County – County Roads</td>
<td>Heavy Load / Pipeline Utility / Permit to Transfer</td>
<td>1st Quarter 2020</td>
<td>2nd Quarter 2020</td>
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<td>Agency or Organization</td>
<td>Permit/Approval</td>
<td>Submittal/Anticipated Submittal</td>
<td>Anticipated Receipt</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>--------------------------------------</td>
<td>----------------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Sabine County – County Roads</td>
<td>Heavy Load / Pipeline Utility / Permit to Transfer</td>
<td>1st Quarter 2020</td>
<td>2nd Quarter 2020</td>
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COST OF FACILITIES
<table>
<thead>
<tr>
<th>Category</th>
<th>Pipeline</th>
<th>Yard &amp; Station</th>
<th>Piping</th>
<th>Total</th>
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<td>RIGHT OF WAY</td>
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<td>$24,000</td>
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<td>$8,340,400</td>
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<td>MATERIALS</td>
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<td>PIPE, VALVES, &amp; FITTINGS</td>
<td>16,286,746</td>
<td>380,652</td>
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<td>16,667,398</td>
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<tr>
<td>BUILDING &amp; STRUCTURES</td>
<td>-</td>
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<td></td>
<td>-</td>
</tr>
<tr>
<td>UNIT</td>
<td>-</td>
<td>-</td>
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<td>OTHER</td>
<td>981,054</td>
<td>23,604</td>
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<td>1,004,658</td>
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<td>FILTER &amp; SEPARATOR</td>
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<tr>
<td>COMMUNICATION</td>
<td>-</td>
<td>-</td>
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<td>-</td>
</tr>
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<td>LABOR</td>
<td>581,200</td>
<td>130,455</td>
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<td>711,655</td>
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<td>ENGINEERING</td>
<td>2,770,300</td>
<td>401,234</td>
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<td>3,171,534</td>
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<td>ENVIRONMENTAL</td>
<td>1,012,600</td>
<td>9,100</td>
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<td>1,021,700</td>
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<td>CONSTRUCTION</td>
<td>41,480,580</td>
<td>2,354,925</td>
<td></td>
<td>43,835,505</td>
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<tr>
<td>AFUDC</td>
<td>602,065</td>
<td>95,088</td>
<td></td>
<td>697,153</td>
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<tr>
<td>TOTAL</td>
<td>$72,030,945</td>
<td>$3,419,058</td>
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<td>$75,450,003</td>
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REVENUES – EXPENSES – INCOME
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<thead>
<tr>
<th>Line No.</th>
<th>Cost of Service / Rate Calculation</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>INDEX 99 EXPANSION PROJECT - Cost of Service (See Page 3)</td>
<td>$13,354,403</td>
</tr>
<tr>
<td>2</td>
<td>Allocation of Demand Cost of Service to Interruptible Transportation</td>
<td>$333,860</td>
</tr>
<tr>
<td>3</td>
<td>Net Cost of Service for Firm Transportation</td>
<td>$13,020,543</td>
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<tr>
<td>4</td>
<td>Demand Cost of Service</td>
<td>$12,999,299</td>
</tr>
<tr>
<td>5</td>
<td>Maximum Design Capacity</td>
<td>500,000 MMBtu/d</td>
</tr>
<tr>
<td>6</td>
<td>Annual Throughput at Full Capacity</td>
<td>182,500,000 MMBtu</td>
</tr>
<tr>
<td>7</td>
<td>Calculated Daily FTS Demand Rate (per MMBtu)</td>
<td>$0.0712</td>
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<td>8</td>
<td>Commodity Cost of Service</td>
<td>$21,244</td>
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<td>9</td>
<td>Commodity Billing Determinants</td>
<td>127,750,000 MMBtu</td>
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<td>10</td>
<td>Calculated Commodity Rate (per MMBtu)</td>
<td>$0.0002</td>
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<td>11</td>
<td>Calculated Daily 100% Load Factor Rate (per MMBtu)</td>
<td>$0.0714</td>
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**Currently Approved FTS Rates**

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Cost of Service / Rate Calculation</th>
<th>Value</th>
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<tr>
<td>12</td>
<td>100% Load Factor Maximum Tariff Rate</td>
<td>$0.3505</td>
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**Net Difference Rate - Currently Approved FTS Rate**

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Cost of Service / Rate Calculation</th>
<th>Value</th>
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<tr>
<td>13</td>
<td>Difference in Daily FTS Demand Rate (per MMBtu)</td>
<td>$(0.2791)</td>
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<tr>
<td>Line No.</td>
<td>Cost of Service</td>
<td>Year 1</td>
</tr>
<tr>
<td>---------</td>
<td>---------------------------------</td>
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</tr>
<tr>
<td>1</td>
<td>Operation and Maintenance Expenses</td>
<td>$212,442</td>
</tr>
<tr>
<td>2</td>
<td>Depreciation Expense</td>
<td>1,644,810</td>
</tr>
<tr>
<td>3</td>
<td>Other Taxes</td>
<td>2,000,000</td>
</tr>
<tr>
<td>4</td>
<td>Income Taxes</td>
<td>1,757,517</td>
</tr>
<tr>
<td>5</td>
<td>Return</td>
<td>7,739,634</td>
</tr>
<tr>
<td>6</td>
<td>Total Cost of Service</td>
<td>$13,354,403</td>
</tr>
<tr>
<td>Line No.</td>
<td>Rate Base</td>
<td>Year 1</td>
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<tr>
<td>---------</td>
<td>----------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>1</td>
<td>Gas Plant In Service (See Exhibit K)</td>
<td>$75,450,003</td>
</tr>
<tr>
<td>2</td>
<td>Accumulated Depreciation /1</td>
<td>(822,405)</td>
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<tr>
<td>3</td>
<td>Net Plant In Service</td>
<td>74,627,598</td>
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<td>4</td>
<td>Accumulated Deferred Taxes /1</td>
<td>(275,961)</td>
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<td>5</td>
<td>Total Rate Base</td>
<td>$74,351,637</td>
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<td>6</td>
<td>Overall Rate of Return</td>
<td>10.41%</td>
</tr>
<tr>
<td>7</td>
<td>Total Return</td>
<td>$7,739,634</td>
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Notes:
/1 Amount is an average of beginning and ending balances.
<table>
<thead>
<tr>
<th>Line No.</th>
<th>O&amp;M Expenses</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
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<td>1</td>
<td>Transmission</td>
<td>$212,442</td>
<td>$218,815</td>
<td>$225,380</td>
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<td>2</td>
<td>Total O&amp;M Expenses</td>
<td>$212,442</td>
<td>$218,815</td>
<td>$225,380</td>
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</table>

**Depreciation Expense**

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<tr>
<th>Line No.</th>
<th>Description</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
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</thead>
<tbody>
<tr>
<td>3</td>
<td>Gas Plant In Service</td>
<td>$75,450,003</td>
<td>$75,450,003</td>
<td>$75,450,003</td>
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<td>4</td>
<td>Depreciation Rate</td>
<td>2.18%</td>
<td>2.18%</td>
<td>2.18%</td>
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<td>5</td>
<td>Depreciation Expense</td>
<td>$1,644,810</td>
<td>$1,644,810</td>
<td>$1,644,810</td>
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**Other Taxes**

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Description</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
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<td>6</td>
<td>Ad Valorem Taxes</td>
<td>$2,000,000</td>
<td>$2,020,200</td>
<td>$2,040,808</td>
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<td>7</td>
<td>Total Other Taxes</td>
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<td>$2,020,200</td>
<td>$2,040,808</td>
</tr>
<tr>
<td>Line No.</td>
<td>Income Taxes</td>
<td>Rate</td>
<td>Year 1</td>
<td>Year 2</td>
</tr>
<tr>
<td>---------</td>
<td>------------------------------------</td>
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</tr>
<tr>
<td>1</td>
<td>Rate Base</td>
<td>$74,351,637</td>
<td>$71,714,540</td>
<td>$68,730,045</td>
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<td>2</td>
<td>Total Overall Return</td>
<td>10.41%</td>
<td>7,739,634</td>
<td>7,465,125</td>
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<td>3</td>
<td>Amortization of AFUDC equity</td>
<td>8,359</td>
<td>8,359</td>
<td>8,359</td>
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<tr>
<td>4</td>
<td>Interest and debt expense</td>
<td>8.16%</td>
<td>(2,730,192)</td>
<td>(2,633,358)</td>
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<td>5</td>
<td>Adjusted Return</td>
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<td>5,017,800</td>
<td>4,840,126</td>
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<td>Income Taxes (at Composite Tax Rate)</td>
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<tr>
<td>Line No.</td>
<td>Deferred Income Taxes</td>
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<td>Year 2</td>
<td>Year 3</td>
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<tr>
<td>---------</td>
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<td>--------------</td>
</tr>
<tr>
<td>1</td>
<td>Gas Plant In Service</td>
<td>$75,450,003</td>
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</tr>
<tr>
<td>2</td>
<td>Book Depreciation Rate</td>
<td>2.18%</td>
<td>2.18%</td>
<td>2.18%</td>
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<tr>
<td>3</td>
<td>Book Depreciation Expense</td>
<td>$1,644,810</td>
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<td>$1,644,810</td>
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<tr>
<td>4</td>
<td>Tax Depreciation Rate</td>
<td>5.00%</td>
<td>9.50%</td>
<td>8.55%</td>
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<tr>
<td>5</td>
<td>Tax Depreciation</td>
<td>$3,772,500</td>
<td>$7,167,750</td>
<td>$6,450,975</td>
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<tr>
<td>6</td>
<td>Difference</td>
<td>$(2,127,690)</td>
<td>$(5,522,940)</td>
<td>$(4,806,165)</td>
</tr>
<tr>
<td>7</td>
<td>Composite Income tax rate</td>
<td>25.9400%</td>
<td>25.9400%</td>
<td>25.9400%</td>
</tr>
<tr>
<td>8</td>
<td>Deferred Taxes</td>
<td>$(551,923)</td>
<td>$(1,432,651)</td>
<td>$(1,246,719)</td>
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<tr>
<td>9</td>
<td>Accumulated Deferred Income Taxes</td>
<td>$(551,923)</td>
<td>$(1,984,574)</td>
<td>$(3,231,293)</td>
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</table>
### GULF SOUTH PIPELINE COMPANY, LP

**REVENUES - INDEX 99 EXPANSION PROJECT**

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Shipper</th>
<th>Service Type</th>
<th>MDQ (MMBtu/day)</th>
<th>Primary Term (Yrs)</th>
<th>Daily Demand Rate / MMBtu (Negotiated)</th>
<th>Commodity Rate</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Customer</td>
<td>FTS</td>
<td>500,000</td>
<td>10</td>
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<td>Total Revenues</td>
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<td></td>
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</tr>
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</table>

GULF SOUTH PIPELINE COMPANY, LP
DOCKET NO. CP19-000
EXHIBIT N
PAGE 7 OF 7