

Southern requests Commission approval of the application by no later than May 1, 1996, so that the facilities will be in service to provide the additional firm transportation service by November 1, 1996.

Comment date: June 14, 1995, in accordance with Standard Paragraph F at the end of this notice.

Standard Paragraphs

F. Any person desiring to be heard or to make any protest with reference to said application should on or before the comment date, file with the Federal Energy Regulatory Commission, Washington, D.C. 20426, a motion to intervene or a protest 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 Natural Gas Act (18 CFR 157.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein must file a motion to intervene in accordance with the Commission's Rules.

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by Sections 7 and 15 of the Natural Gas Act and the Commission's Rules of Practice and Procedure, a hearing will be held without further notice before the Commission or its designee on this application if no motion to intervene is filed within the time required herein, if the Commission on its own review of the matter finds that a grant of the certificate and/or permission and approval for the proposed abandonment are required by the public convenience and necessity. If a motion for leave to intervene is timely filed, or if the Commission on its own motion believes that a formal hearing is required, further notice of such hearing will be duly given.

Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for applicant to appear or be represented at the hearing.

G. Any person or the Commission's staff may, within 45 days after issuance of the instant notice by the Commission, file pursuant to Rule 214 of the Commission's Procedural Rules (18 CFR 385.214) a motion to intervene or notice of intervention and pursuant to Section 157.205 of the Regulations under the Natural Gas Act (18 CFR 157.205) a protest to the request. If no protest is

filed within the time allowed therefor, the proposed activity shall be deemed to be authorized effective the day after the time allowed for filing a protest. If a protest is filed and not withdrawn within 30 days after the time allowed for filing a protest, the instant request shall be treated as an application for authorization pursuant to Section 7 of the Natural Gas Act.

Lois D. Cashell,

Secretary.

[FR Doc. 95-13227 Filed 5-30-95; 8:45 am]

BILLING CODE 6717-01-P

[Docket No. CP95-500-000, et al.]

Southern Natural Gas Company, et al.; Natural Gas Certificate Filings

May 23, 1995.

Take notice that the following filings have been made with the Commission:

1. Southern Natural Gas Company

[Docket No. CP95-500-000]

Take notice that on May 15, 1995, Southern Natural Gas Company (Southern), Post Office Box 2563, Birmingham, Alabama 35202-2563, filed in Docket No. CP95-500-000 an application pursuant to Section 7(c) of the Natural Gas Act for a certificate of public convenience and necessity authorizing the construction, installation and operation of certain compression facilities and related pipeline interconnection, measurement, and appurtenant facilities, all as more fully set forth in the application which is on file with the Commission and open to public inspection.

Southern states that the proposed facilities will provide the capacity needed to perform firm transportation service on its pipeline system in its production area south of its Franklinton Compressor Station. It is stated that Southern has an extensive supply system in the offshore Louisiana area and receives approximately 900,000 Mcf per day (Mcdf) or nearly 60 percent of its annual throughput from the "east leg" of its South Louisiana supply system that accesses the Main Pass, Viosca Knoll and Mississippi Canyon areas. Southern contends that its efforts to connect new gas supplies in this area and increase throughput have been hampered recently as a result of capacity constraints which exist at Southern's Toca Compressor Station. If it is unable to increase its capacity to move gas from the offshore areas, Southern states that the markets and customers served by Southern's system will not have the opportunity to gain access to the significant number of new

sources of supply announced and under development in this area.

Southern states that its recent gas supply attachment efforts have been focused on supply prospects which are near Southern's existing facilities. It is stated that a large number of such prospects are located in the offshore Louisiana area upstream of Southern's Toca Compressor Station. Southern states that its supply system in south Louisiana has two separate main lines, the "east leg" which extends in to the Main Pass area and the "west leg" which extends from the Franklinton Compressor Station to the Shadyside Compressor Station. It is stated that the "west leg" has traditionally received gas from interconnections with other interstate pipelines, and supply prospects in the area are limited. Therefore, Southern states that its "east leg" upstream of the Toca Compressor Station has experienced the most activity in connecting new gas supplies. It is stated that gas supply prospects in this area are believed to be substantial. Southern states that Exhibit Z to its application contains a map and a list of known prospects in the vicinity of Southern's existing facilities which could be attached either through jurisdictional pipeline extensions or through nonjurisdictional gathering lines to Southern's system. While the potential of many of these prospects is still emerging, Southern believes that the substantial financial expenditures by producers and technological advances in the development of deepwater prospects ensure that the expansion of Southern's facilities to provide access to downstream markets from this supply area is necessary. It is stated that the gas supply prospects listed in Exhibit Z are estimated to contain over 2 Tcf of reserves which could be attached to Southern's system. Southern also believes that the location of these prospects make them the most economical gas supplies available to Southern's system in the near term and foreseeable future. However, in order to compete with other pipelines for these shippers and customers, Southern states that it must expand its existing capacity at Toca to enable these supplies to flow into downstream markets.

It is stated that prior to the recent industry restructuring under Order No. 636, pipelines generally constructed gas supply facilities and included the cost of the facilities in future rate filings on a rolled-in basis. In a post-636 environment, Southern states that the issue of who should bear the financial responsibility for this type of project is more complicated. It is stated that this expansion project is not a traditional

market area expansion. Southern states that this expansion is an enhancement of its current facilities to enable Southern to transport an additional 140 MMcfd through its Toca Compressor Station, which is currently operated at or near full capacity. Southern contends that it has determined that the gas supply is available and has identified the facilities modifications required to relieve its system bottleneck at Toca. According to Southern, the major unresolved issue in the post-636 environment is which industry segment should initially pay the cost of this type of system enhancement. Southern states that the distribution segment of the industry believes that producers should contribute to the cost of expanding facilities in order to make their gas supplies available to the market. It is stated that producers have taken the lead in constructing facilities to attach gas supply to the existing pipeline infrastructure but do not believe that they should bear the additional cost of expanding jurisdictional pipeline capacity required to move new supplies downstream. At the same time, Southern argues that it would be unfair to expect interstate pipelines to make substantial investments in new facilities without an opportunity to earn a reasonable return on their investments.

To strike an appropriate balance, Southern states that its proposal is an effort to allocate among the stakeholders the cost of this expansion project that benefits the system as a whole. It is stated that the cost sharing proposal represents a reasonable sharing—between the producers for the first 10 years and the transportation customers thereafter—of the costs required to expand Southern's production area capacity. By adding additional compression at its Toca Compressor Station, Southern states that it will increase its capacity to transport gas supplies through Toca by 140 MMcfd. In addition, Southern submits that it will require, as part of the transportation agreement, a commitment from the producers to attach 150 Bcf of new reserves for every 50 MMcfd of Transportation Demand, or approximately 400 BCF of additional reserves to Southern's system. Based upon extensive discussions with producers that have prospects in the areas near Southern's supply system and with Southern's transportation customers, Southern believes that an expansion of its Toca Compressor Station as proposed would benefit the system as a whole and is in the public interest.

It is stated that producers would benefit from obtaining firm

transportation service in Southern's production area at a competitive rate. With firm service to the interconnections Southern has with other interstate pipelines in this area, Southern contends that the producers will have assured access to a substantial portion of the natural gas markets in the eastern United States. It is stated that they can elect to sell any of the new gas supplies they connect to the Southern system to markets served by the Southern system, and in such case, those gas supplies would likely be transported under the purchaser's firm and/or interruptible transportation service agreements.

Southern states that the requirement that producers commit to attach new reserves to the Southern system provides a substantial benefit to Southern's firm and interruptible transportation customers. It is stated that they will have the opportunity to compete for these new sources of supply without incurring, under Southern's proposed rate treatment, any increase in their transportation costs as a result of the construction of the facilities for an initial 10-year period. Whether these new supplies are transported in the production area under one of the new 10 year service agreements or to a market on the Southern system, Southern submits that the proposed expansion of the Toca Compressor Station will eliminate a capacity constraint and enable an additional 140 MMcfd to flow into the Southern system via the "east leg". It is stated that this increase in the "east leg", however, will not cause an increase in capacity on Southern's main line.

Southern requests that the Commission act on its request in two steps. First, Southern requests that the Commission issue an initial determination that the construction and operation of the proposed facilities to provide capacity necessary for the performance of firm production area transportation services on the terms and conditions described in the application are required by the present or future public convenience and necessity. Southern states that it is willing to accept an at-risk condition in the initial determination because its application does not include the requisite showing of market demand. Second, after it has submitted executed Firm Transportation Service Agreements for 100 percent of the additional capacity containing the terms and conditions described herein and after completion of the environmental review of the proposed facilities, Southern requests that the Commission issue an order adopting the initial decision as its final action in this

proceeding and removing the at-risk condition.

Comment date: June 13, 1995, in accordance with Standard Paragraph F at the end of this notice.

2. ANR Storage Company

[Docket No. CP95-504-000]

Take notice that on May 18, 1995, ANR Storage Company (ANR), 500 Renaissance Center, Detroit, Michigan 48243, filed in Docket No. CP95-504-000, pursuant to Section 7(b) of the Natural Gas Act (NGA), as amended, and §§ 157.7 and 157.18 of the Commission's Regulations thereunder, an application requesting permission and approval for abandonment of storage service performed for United Cities Gas Company (United Cities), all as more fully set forth in the application on file with the Commission.

ANR states that it is requesting authorization for retroactive abandonment of storage service that it provides for United Cities under Rate Schedule X-6 and contained in Original Volume No. 2 of its FERC Gas Tariff. This service was authorized in Docket No. CP79-453-000. ANR requests the abandonment of Rate Schedule X-6 effective April 1, 1995, the date of the termination agreement between ANR and United Cities. ANR further states that at United Cities' request, commencing April 1, 1995, this service would be provided under ANR's FERC Gas Tariff, Original Volume No. 1.

ANR states that no facilities are proposed to be abandoned.

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