

169 FERC ¶ 61,160  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;  
Richard Glick and Bernard L. McNamee.

Mississippi Hub, LLC

Docket No. CP19-198-000

ORDER AMENDING CERTIFICATE AND VACATING CERTIFICATE  
AUTHORIZATIONS IN PART

(Issued November 26, 2019)

1. On April 22, 2019, Mississippi Hub, LLC (MS Hub) filed an application pursuant to section 7(c) of the Natural Gas Act (NGA)<sup>1</sup> and Part 157 of the Commission's regulations<sup>2</sup> requesting authorization to continue to operate an existing 4,735 horsepower (HP) gas-driven compressor unit (Gas Compressor 4) located at MS Hub's existing storage terminal (MS Hub Storage Terminal) in Simpson County, Mississippi, and to amend its Order Vacating Certificate in Part, issued on December 2, 2015, (2015 Vacating Order)<sup>3</sup> in order to properly reflect the number of compressor units currently in operation. As discussed below, the Commission grants the requested authorizations, subject to certain conditions.

2. Additionally, we will vacate certificate authorizations issued to MS Hub for compression facilities that were authorized by Commission orders issued in 2007 (2007 Certificate Order) and 2009 (2009 Certificate Order),<sup>4</sup> but were not constructed.

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<sup>1</sup> 15 U.S.C. § 717f(c) (2018).

<sup>2</sup> 18 C.F.R. pt. 157 (2019).

<sup>3</sup> *Mississippi Hub, LLC*, 153 FERC ¶ 61,267 (2015) (2015 Vacating Order).

<sup>4</sup> See *Mississippi Hub, LLC*, 118 FERC ¶ 61,099 (2007) (2007 Certificate Order); *Mississippi Hub, LLC*, 128 FERC ¶ 61,254 (2009 Certificate Order).

## **I. Background and Proposal**

3. MS Hub, a limited liability company organized and existing under the laws of the State of Mississippi, is a natural gas company as defined by section 2(6) of the NGA.<sup>5</sup> MS Hub is wholly-owned by Enstor Mercury Midstream, Inc. which, as a result of a recent acquisition, is indirectly wholly-owned by ArcLight Energy Partners Fund VI, L.P. (ArcLight).

4. On February 15, 2007, the Commission authorized MS Hub to construct and operate a salt dome natural gas storage facility and associated pipeline facilities in Simpson and Jefferson Davis Counties, Mississippi.<sup>6</sup> The Commission also granted MS Hub's request for market-based rate authority.<sup>7</sup> Specifically, the 2007 Certificate Order authorized the construction of 29,205 HP of compression, consisting of three 4,735 HP gas turbine-driven compressor units and three 5,000 HP electric motor-driven compressor units.

5. On September 17, 2009, the Commission granted MS Hub certificate authorization to enlarge the size of the two natural gas storage caverns approved in the 2007 Certificate Order, construct new gas compression and withdrawal facilities, modify certain previously authorized facilities, and construct two interstate natural gas pipeline interconnections.<sup>8</sup> The 2009 Certificate Order authorized three 7,700 HP electric motor-driven compressor units to be installed in lieu of the three previously authorized, but not yet constructed, 5,000 HP electric motor-driven units<sup>9</sup> and one additional 7,700 HP electric motor-driven compressor unit.

6. In an order issued July 2, 2010 (2010 Certificate Order), the Commission authorized the construction and operation of two additional salt dome storage caverns (Cavern Nos. 3 and 4) at the MS Hub Storage Terminal, 37,305 HP of additional compression, consisting of three 4,735 HP gas turbine-driven compressor units and

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<sup>5</sup> 15 U.S.C. § 717a(6).

<sup>6</sup> 2007 Certificate Order, 118 FERC ¶ 61,099.

<sup>7</sup> *Id.* at ordering paragraph (F).

<sup>8</sup> 2009 Certificate Order, 128 FERC ¶ 61,254.

<sup>9</sup> *Id.* P 4, n.3.

three 7,700 HP electric motor-driven compressor units, two gas dehydration units, as well as other associated facilities.<sup>10</sup>

7. On October 27, 2015, MS Hub filed a Motion to Vacate the 2010 Certificate Order in part. MS Hub stated that it had constructed and placed into service three natural gas storage caverns, Caverns Nos. 1, 2 and 3.<sup>11</sup> MS Hub further stated that it had not commenced construction of (i) Cavern 4; (ii) the six compressor units authorized in the 2010 Certificate Order; (iii) one of the two authorized dehydration units; and (iv) the ancillary piping facilities related to Cavern 4. On December 2, 2015, the Commission granted MS Hub's Motion to Vacate, as requested.<sup>12</sup>

8. On February 7, 2019, ArcLight acquired all of the ownership interests in MS Hub from Sempra Energy. After the acquisition, Enstor Gas, LLC (Enstor), an ArcLight affiliate and the operator of the MS Hub Storage Facility, conducted a post-acquisition regulatory audit. The applicant explains that one of the six compressor units authorized in the 2010 Certificate Order, Gas Compressor 4, had actually been constructed and placed in service in 2012, and therefore the previous owner had erred in requesting that the Commission vacate the authorization to construct and operate that unit. MS Hub requests the necessary authorization to continue to operate Gas Compressor 4.

## **II. Public Notice and Interventions**

9. Notice of MS Hub's application was published in the *Federal Register* on May 2, 2019.<sup>13</sup> NJR Energy Services Company filed a timely motion to intervene. Timely, unopposed motions to intervene are granted automatically by operation of Rule 214 of the Commission's Rules of Practice and Procedure.<sup>14</sup> No protests or adverse comments were filed.

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<sup>10</sup> *Mississippi Hub, LLC*, 132 FERC ¶ 61,011 (2010) (2010 Certificate Order), *vacated in part*, 153 FERC ¶ 61,267 (2015).

<sup>11</sup> MS Hub's October 27, 2015 Motion to Vacate at 1 (Motion to Vacate).

<sup>12</sup> *Mississippi Hub, LLC*, 153 FERC ¶ 61,267 (2015).

<sup>13</sup> 84 Fed. Reg. 18,841 (May 2, 2019).

<sup>14</sup> 18 C.F.R. § 385.214(c)(1) (2019).

### III. Discussion

10. Because MS Hub's application pertains to facilities used to store natural gas in interstate commerce subject to the jurisdiction of the Commission, the proposal is subject to the requirements of subsections (c) and (e) of section 7 of the NGA.<sup>15</sup>

11. The 2010 Certificate Order found that the project would not result in subsidization from existing customers,<sup>16</sup> and reapproved MS Hub's market-based rates in accordance with the Commission's Alternative Rate Policy Statement.<sup>17</sup> The order further found that MS Hub's proposal was required by the public convenience and necessity. MS Hub's proposal here, to reinstate its erroneously vacated authority to operate Gas Compressor 4, does not alter this finding. Moreover, MS Hub's request will neither require changes in the physical operation of the MS Hub storage facilities, nor will it affect the Commission's prior determination that MS Hub may charge market-based rates for its services.<sup>18</sup> Accordingly, the Commission finds that the public convenience and necessity requires approval of MS Hub's requested authorizations under section 7 of the NGA, as conditioned in this order.

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<sup>15</sup> 15 U.S.C. §§ 717f(c), (e).

<sup>16</sup> 2010 Certificate Order, 132 FERC ¶ 61,011, at 61,047 ("MS Hub assumes the economic risks associated with the costs of the expansion facilities to the extent that any capacity is unsubscribed or revenues are not sufficient to recover costs.").

<sup>17</sup> *Alternatives to Traditional Cost-of-Service Ratemaking for Natural Gas Pipelines and Regulation of Negotiated Transportation Services of Natural Gas Pipelines*, 74 FERC ¶ 61,076 (1996) (Alternative Rate Policy Statement), *reh'g and clarification denied*, 75 FERC ¶ 61,024 (1996), *petitions for review denied sub nom.*, *Burlington Resources Oil & Gas Co. v. FERC*, 172 F.3d 918 (D.C. Cir. 1998), *criteria modified*, *Rate Regulation of Certain Natural Gas Storage Facilities*, Order No. 678, 115 FERC ¶ 61,343, Order No. 678-A, *order on clarification and reh'g*, 117 FERC ¶ 61,190 (2006).

<sup>18</sup> In the 2007 Certificate Order, the Commission granted MS Hub's request for market-based rate authority. 2007 Certificate Order, 118 FERC ¶ 61,099 at ordering paragraph (F). *See also* 2009 Certificate Order, 128 FERC ¶ 61,254 at ordering paragraph (D); 2010 Certificate Order, 132 FERC ¶ 61,011 at ordering paragraph (D); *Mississippi Hub, LLC*, 144 FERC ¶ 62,253, at ordering paragraph (D) (2013) (reaffirming MS Hub's market-based rates authorization).

12. Because MS Hub does not propose any new facilities or changes to its operational capabilities of the MS Hub storage facility, we find that the requested authorizations will not result in any environmental impacts.<sup>19</sup>

13. In addition, Commission staff issued a data request on May 8, 2019, requesting that MS Hub clarify the construction dates, in-service dates, and current operations of all the compressor units authorized in the 2007, 2009, and 2010 Certificate Orders. On May 15, 2019, MS Hub filed a response, including a table that lists all of the compressor units (*See Appendix*). MS Hub's response indicates that it did not construct two of the electric motor-driven compressor units, totaling 15,400 HP, authorized in the 2007 Certificate Order and 2009 Certificate Order. Furthermore, MS Hub only constructed two 7,000 HP electric motor-driven compressor units rather than the two 7,700 HP electric motor-driven compressor units certificated in the 2009 Certificate Order.<sup>20</sup> However, MS Hub has not filed a request to vacate parts of either the 2007 Order or the 2009 Order.

14. The deadlines established in the 2007 Certificate Order and 2009 Certificate Order to complete construction and place the authorized facilities into service have passed, and MS Hub has not indicated that it intends to construct and operate those facilities. Therefore, the Commission will vacate the authorizations to construct and operate those facilities.<sup>21</sup>

15. On September 25, 2019, Commission staff issued a data request to obtain confirmation that the maximum injection and withdrawal rates remain consistent with the parameters stated in the 2010 Certificate Order. In its October 1, 2019 response to the data request, MS Hub states that the current maximum injection and withdrawal rates are less than those indicated in the 2010 Certificate Order due to certain equipment not being installed and authorizations being vacated in the 2015 Vacating Order. Consequently, the

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<sup>19</sup> *See* 18 C.F.R. § 380.4(a)(27) (2019) (stating that neither an environmental assessment nor an environmental impact statement will be prepared for the “[s]ale, exchange, and transportation of natural gas under sections 4, 5, and 7 of the Natural Gas Act that require no construction of facilities”).

<sup>20</sup> The Appendix indicates that MS Hub constructed a total of 32,940 HP: 28,205 HP pursuant to the 2007 and 2009 Certificate Orders and 4,375 HP pursuant to the 2010 Certificate Order.

<sup>21</sup> The 2007 Certificate Order and 2009 Certificate Order required MS Hub to complete construction and make available for service the authorized facilities within five years of the 2007 Certificate Order and within three years of the 2009 Certificate Order, respectively.

current maximum injection rate is 1.2 billion cubic feet per day (Bcf/d), and the current maximum withdrawal rate is 2.4 Bcf/d.

16. The Commission on its own motion received and made a part of the record in this proceeding all evidence, including the application, and exhibits thereto, and all comments and upon consideration of the record,

The Commission orders:

(A) The 2015 Vacating Order issued under section 7(c) of the NGA, is amended as described in this order and in the application, subject to the conditions described herein.

(B) The certificate authorization issued to MS Hub in the 2007 and 2009 Certificate Orders are vacated in part, as described herein.

(C) MS Hub's engineering parameters are modified to reflect a maximum injection rate of 1.2 Bcf/d and a maximum withdrawal rate of 2.4 Bcf/d, as described herein.

(D) All other requirements and conditions of the Commission's prior orders authorizing its construction and operation of facilities remain in effect.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

Appendix

Order Authorizing	Drive Type	Horsepower	Constructed?	Construction Completion (Approximate Date)	Unit Name / Tag Number	In-Service Date?	Currently Operating?
2007	Gas	4,735	Yes	7/31/10	1100	8/5/10	Yes
2007	Gas	4,735	Yes	7/25/12	2100	8/1/12	Yes
2007	Gas	4,735	Yes	7/25/12	2200	8/1/12	Yes
2007 2009 HP increase	Electric	5,000 7,700 (constructed 7,000)	Yes	7/31/10	1200	8/5/10	Yes
2007 2009 HP increase	Electric	5,000 7,700 (constructed 7,000)	Yes	7/31/10	1300	8/5/10	Yes
2007 2009 HP increase	Electric	5,000 7,700	No	N/A	N/A	N/A	N/A
2009	Electric	7,700	No	N/A	N/A	N/A	N/A
2010	Gas	4,735	Yes	7/25/12	2300	8/1/12	Yes
2010	Gas	4,735	No	N/A	N/A	N/A	N/A
2010	Gas	4,735	No	N/A	N/A	N/A	N/A
2010	Electric	7,700	No	N/A	N/A	N/A	N/A
2010	Electric	7,700	No	N/A	N/A	N/A	N/A
2010	Electric	7,700	No	N/A	N/A	N/A	N/A