

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Questar Pipeline Company

Docket No. CP07-25-000

ORDER ISSUING CERTIFICATE

(Issued April 23, 2007)

1. On November 21, 2006, Questar Pipeline Company (Questar), under section 7(c) of the Natural Gas Act (NGA), filed an application for a certificate of public convenience and necessity authorizing the construction and operation of its proposed Southern System Expansion Project II (SSXP II), which would result in 175,000 dekatherms per day (Dth/d) of incremental capacity. The Commission will issue the requested certificate with conditions.

Background and Proposal

2. Questar is a corporation organized under the laws of Utah. It owns and operates a natural gas pipeline, subject to the jurisdiction of the Commission, which provides open-access transportation service in Colorado, Utah and Wyoming, and storage service in Utah and Wyoming. In this proceeding, Questar proposes to expand the southern part of its system, which currently comprises seven mainlines consisting of 391 miles of pipeline, nine jurisdictional laterals consisting of 118 miles of pipeline, and 5 mainline compressor stations, including Blind Canyon, Greasewood, Oak Spring and Thistle Creek. The southern part of Questar's system extends from western Colorado through central Utah to markets in Salt Lake City and nearby cities. The instant proposal involves expanding one of the mainlines, ML 104, for a second time.¹

¹ In 2001, Questar was authorized to expand the southern part of its system by adding ML 104, a 97-mile, 24-inch diameter line extending in a westerly direction from Fausett Junction, six miles northeast of Price, Utah, to an interconnection with Kern River Gas Transmission Company (Kern River) at Goshen, Utah. That project also included expanding the compression facilities at Oak Spring compressor station, located approximately 10 miles northwest of Price, Utah. 95 FERC ¶ 61,404 (2001). In 2005, as
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3. The proposed SSXP II is designed to meet incremental customer demand on the southern portion of Questar's system in the amount of 175,000 Dth per day. As a result of an open season, six customers entered into transportation service agreements with terms of 15 years.² The transportation service for this incremental capacity will be from various receipt points on the southern part of Questar's system to one delivery point at the interconnection with Kern River at Goshen, Utah. The proposed SSXP II will transport Rocky Mountain gas to end-use markets. The total cost of the proposed expansion is estimated at \$107,693,000.

Facilities

4. Specifically, Questar proposes to construct and operate a 53.9-mile, 24-inch diameter extension of ML 104, extending in a westerly direction from Questar's existing Green River Block Valve on ML 40 to Soldier Creek, currently the eastern terminus of ML 104. The pipeline construction will occur within Uintah, Duchesnes and Carbon Counties, Utah. Questar explains that about 69 percent of the proposed ML 104 extension will run through land administered by the Bureau of Land Management (BLM) Price and Vernal Field Offices, 9 percent will traverse property owned by the Utah School and Institutional Lands Administration, and approximately 12.1 percent will extend through private property. The ML 104 extension will require 1,006.1 acres of land on a temporary basis during construction and 326.8 acres for new, permanent right of way (ROW).

5. Questar also proposes to loop ML 104 by constructing 4.7 miles of pipeline between Fausett Junction and Oak Spring. The ML 104 4.7-mile loop construction will occur in Caron County, Utah, with 81 percent of the route traversing land administered by the BLM Price Field Office and 19 percent running through land owned by the Utah Division of Wildlife Resources. A total of 94.6 acres of land will be used for temporary construction and 18.2 acres will constitute new, permanent ROW. Both the extension and loop will operate with a maximum allowable pressure of 1,400 psig.

part of its first Southern System Expansion Project (SSXP), Questar was authorized to extend ML 104 by constructing 18.7 miles of 24-inch diameter pipeline extending in a northeasterly direction from ML-104's eastern terminus at Fausett Junction to a new terminus at Soldier Creek. 110 FERC ¶ 61,035 (2005).

² The terms of the agreements reflect those submitted in a January 31, 2006 supplement to Exhibit I.

6. In addition, as part of the proposed expansion, Questar will restage Compressor Nos. 1 and 3 at the Oak Spring Compressor Station by replacing the existing impeller set, which work will occur offsite at Solar Turbines, install 100 feet of 24-inch diameter piping to connect the ML 104 loop to the Oak Spring station interstage point, and install at that site a 24-inch diameter mainline block valve and isolation valve, with a blind-off end and a 10-inch diameter blow-down stack.³ This construction will occur on portions of the existing Oak Spring Compressor Station site, which is on land leased from the Utah Division of Wildlife Resources. Questar emphasizes that this restaging will not involve compressor-engine modifications, no increase in compressor horse power, and no change in the approved level of engine-exhaust emission rate.

7. Further, at the Blind Canyon Compressor Station, located 30 miles northeast of Price and immediately adjacent to Questar's ML 40 in East Duchesne County, Utah, Questar proposes to upgrade the No. 2 turbine driver associated with Compressor No. 2 from a Solar Centaur 40-4700S engine to a Solar Centaur 50 engine in order to add 1,200 hp.⁴ At that site, Questar also plans to restage the No. 2 compressor unit by replacing the existing impellers with a different set, with the work taking place offsite at Solar Turbines. Further, at the Blind Canyon Compressor Station, Questar plans to install additional facilities, including a 24-inch diameter pig launcher, a 24-inch diameter pig receiver, filter separator, a 12- or 16-inch diameter ultrasonic meter run, a 24-inch diameter mainline block valve, an 8-inch spillover valve, and 24-inch diameter suction

³ The Oak Spring Compressor Station was certificated in 1998 with one Solar Centaur 50LS-5902 turbine-engine-driven centrifugal compressor (Compressor No. 1) with 5,940 horsepower (hp) to boost capacity on ML 40. 82 FERC ¶ 61,307 (1998). Later, the Oak Spring station facilities were expanded to include two Solar Taurus 60/C404 gas turbine-engine-driven centrifugal compressors, one with 7,250 hp (Compressor No. 2) and the other with 7,700 hp (Compressor No. 3), as part of the ML 104 project. 95 FERC ¶ 61,404 (2001). In 2004, Questar restaged Compressor No. 1 and reconfigured the compressor station to add 10,000 Dth/d of limited-term capacity on ML 104 and began running the compressors in a series mode. 108 FERC ¶ 62,096 (2004). In 2005, as part of its SSXP, Questar restaged compressor Nos. 2 and 3. 110 FERC ¶ 61,035 (2005).

⁴ Blind Canyon Compressor Station was initially constructed in connection with Questar's SSXP to boost capacity on the existing southern transmission system by 102,000 Dth/d and included two Centaur centrifugal compressors driven by the two Centaur engines referred to above. 110 FERC ¶ 61,035 (2005).

and discharge piping. The construction will take place both within and outside of the Blind Canyon Compressor Station site and will involve .02 acres of new permanent ROW.

8. In addition to cathodic protection facilities for the proposed ML 104 extension and loop, other proposed facilities associated with the SSXP II are:

- Green River Block Valve facilities, including a 24-inch diameter pig launcher, a 24-inch diameter mainline block valve, with a 10-inch diameter blow-down stack, 20 feet of above-ground 20-inch diameter crossover piping and one 20-inch diameter isolation ball valve, all constructed within the ML 104 pipeline temporary ROW, except for an additional 0.1 acres outside the ROW;
- Jurisdictional Lateral (JL) 47 facilities, including a new 24-inch diameter mainline block valve, two 10-inch diameter blow-down stacks, and approximately 100 feet of above-ground 12-inch diameter crossover piping, involving 0.2 acres of land outside of the new permanent pipeline ROW, in order to allow natural gas to flow from Questar's JL 47 line and the ML 104 extension;
- Horse Ridge Mainline Block Valve, involving no land outside of the ML 104 extension ROW;
- Price Yard Modifications, including installation of 200 feet of 24-inch diameter inlet and outlet yard piping, a 200-barrel slug catcher, a filter separator, and associated valves on ML 104 in Questar's existing Price Yard in order to remove liquids from ML 104 and
- Kern River's Goshen Receipt Point Modifications, involving Kern River's making necessary changes in metering and related facilities, at Questar's cost, to accommodate Questar's increasing deliveries.

9. Questar explains that from an engineering point of view, the proposed additional facilities are required because there are capacity restraints on two segments of its southern system. The first is on a 150-mile pipeline, consisting of MLs 40, 103 and 68, extending east of Soldier Creek to Divide Creek. One hundred and ten miles of this segment cannot provide sufficient capacity to accommodate new gas supplies from the expanding natural-gas development activities in the Uintah and Green River Basins because the pipe is only 14 inches in diameter. Likewise, this part of the system cannot support the incremental expansion volumes of 175,000 Dth/d. The second area of constraint is associated with 4.5-mile segments of both MLs 40 and 104 between Questar's

Fausett Junction Block Valve and Oak Spring. A third line will be required to meet the incremental load of the SSXP II. Questar indicates that the additional capacity resulting from the extension of ML 104, the 4.5-mile loop, and compressor station upgrades will not only accommodate the incremental volumes for the SSXP II, but also provide flow capability in the event there are operational problems on ML 40 because the proposed facilities will, in effect, loop ML 40. Questar believes that its proposed project will expand its system-wide displacement capabilities and result in operational efficiencies such as decreasing operating pressures.

10. With regard to the pipeline construction component of the proposed SSXP II, Questar states that it attempted to maximize co-location of the new ML 104 extension and 4.5-mile loop with the existing ML 40 in order to decrease the amount of land that would be utilized. However, such co-location was not feasible in all instances because of topographical limitations and sensitive environmental areas. Accordingly, 39.6 miles of the new roads and pipeline will be in existing right-of-way for roads and pipelines. Further, 24.6 miles of the pipeline will be located adjacent to ML 40. The entirety of the new pipeline will follow a designated utility corridor proposed by the Bureau of Land Management. Questar states that its route incorporates responses to specific requests by private landowners, non-governmental groups and government landowners, which it obtained early in the design and routing process by using the Commission's pre-filing process under section 157.22 of the Commission's regulations in Docket No. PF06-18-000.

11. Questar maintains that this project design will meet the incremental demand of the expansion; utilize existing facilities to the maximum extent feasible; identify locations for the new pipeline facilities that will provide an efficient balance between suction pressure on the inlet side of the upgraded compression facilities and the maximum allowable operating pressure on the discharge side; and minimize adverse impacts by avoiding construction of new facilities in environmentally sensitive areas.

Rates

12. As indicated, Questar has six customers that have subscribed to the total incremental capacity of the SSXP II, 175,000 Dth/d.⁵ Questar explains that the six

⁵ Questar has entered into firm transportation service agreements with six parties for the entire 175,000 Dth/d of incremental transportation capacity. All of the agreements have terms of 15 years. The customers are: EOG Resources, Inc., 60,000 Dth/d; Dominion Exploration & Production, Inc., 15,000 Dth/d; Bill Barrett Corporation, 25,000 Dth/d; Berry Petroleum Co., 5,000 Dth/d; Wasatch Energy, LLC, 30,000 Dth/d; and XTO Energy, Inc., 40,000 Dth/d. The agreements for the first four customers

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customers have agreed to pay the currently effective incremental rates approved for its earlier SSXP expansion.⁶ The rates for firm transportation under Rate Schedule T-1 include a maximum reservation charge of \$7.82712/Dth and a minimum charge of \$0.00. The currently effective SSXP Usage Charge is \$0.2600/Dth.⁷ For interruptible transportation under Rate Schedule T-2, the maximum usage rate is 0.2600/Dth/d and the minimum is \$0.00267/Dth/d. Questar's proposed reservation rate of \$7.82712 Dth/month exceeds Questar's currently effective system maximum reservation rate of \$5.28804/Dth/month.

13. Questar's cost and revenue study shows that revenues derived from the incremental capacity over ten years exceeds the full cost of service of the proposed SSXP II on a cumulative basis. Therefore, Questar states that its current customers will not subsidize the SSXP II facilities. Accordingly, Questar requests a predetermination that it may roll the cost of the proposed facilities into the existing SSXP rate base in its next NGA section 4 rate case. We note that Questar is not seeking to roll the cost of the proposed SSXP II facilities into its existing system-wide Part 284 rate base.

14. Questar also contends that its proposal is consistent with the Commission's statement of policy on the Certification of New Interstate Natural Gas Pipeline Facilities

provide that the reservation charge will be the maximum SSXP rate on Questar's Statement of Rates, which may change if Questar files a rate case. The agreements for the last two customers are negotiated rate agreements providing that the rate they will pay will be the same as the currently effective SSXP rate, but that amount will stay the same throughout the terms of the agreements. All of the contracts have year-to-year Evergreen Renewal Terms after their initial terms expire. The January 31, 2006 supplement to Exhibit I, among other things, indicated that an initial shipper had assigned its 10,000 Dth/d to EOG Resources, Inc., and dropped out of the project.

⁶ See 110 FERC ¶ 61,035 (2005).

⁷ We note that in Questar's tariff, there is one usage charge listed under Rate Schedule T-1, which is a systemwide charge, and both a systemwide usage charge and SSXP usage charge for interruptible transportation under Rate Schedule T-2. A note in the tariff explains that the usage charge for SSXP service in Rate Schedule T-2 also applies to firm SSXP transportation under Rate Schedule T-1. See Questar's FERC Gas Tariff, First Revised Volume No. 1, Forty-First Revised Sheet No. 5.

(Certificate Policy Statement).⁸ Because the proposed revenues will exceed the cost of the project, Questar asserts that its proposed SSXP II will meet the Certificate Policy Statement's threshold requirement that an applicant proposing an expansion must be prepared to financially support the project without relying on subsidization from its existing customers. Further, Questar states that its proposal meets the next step in the analysis under the Certificate Policy Statement. Specifically, Questar indicates that project will avoid adverse economic, competitive, environmental, or other effects on the relevant interest groups identified in the Certificate Policy Statement. Questar proffers that its project will have a limited effect on landowners and communities along the project route, because it has a reasonably limited scope in that it involves only 58.6 miles of new pipeline construction, the modification of 2 existing certificated compressor stations, will affect only 12 private and 4 public landowners, will require only 355 acres of new permanent ROW, and most of the work at the compressor stations will occur within previously disturbed areas or fenced stations boundaries.

15. With regard to captive customers of competing pipelines, Questar states that it knows of no other interstate pipelines in the SSXP II project area. Questar adds that its own capacity is limited, so that without the expansion project, customers could not ship the extensive gas supplies that Rocky Mountain producers are currently developing. It asserts that the SSXP II customers' subscription for 100 percent of the incremental capacity is a good indication of the need for the capacity.

Environment

16. As noted, Questar requested use of the Commission's pre-filing process for this project and the Commission approved Questar's request in Docket No. PF06-18-000. In its application, Questar describes the pre-filing process, the public open-house and scoping meetings that were held, its efforts to encourage the early involvement of interested parties, and the identification and resolution of issues prior to the filing of its certificate application. Questar explains that on April 7, 2006, the Commission issued its Notice of Intent to Prepare an Environmental Assessment for the Proposed Southern System Expansion Project II, Request for Comments on Environmental Issues, and Notice of Scoping Meeting (NOI). The Commission clarified that it would be the lead federal agency in the preparation of an Environmental Assessment (EA) that would address National Environmental Policy Act (NEPA) requirements. Questar notes that

⁸ 88 FERC ¶ 61,227 (1999); *order clarifying policy*, 90 FERC ¶ 61,128 (2000); and *order clarifying policy*, 92 FERC ¶ 61,094 (2000).

representatives from federal, state and municipal governmental agencies, as well as members of Native American tribes, the BLM Price Field Office, the U.S. Department of Interior's Fish and Wildlife Service (FWS) and the Utah Division of Water Rights participated in an interagency meeting.

17. Questar states that on May 26, 2006, it filed a scoping report pertaining to all NEPA scoping activities conducted in association with the proposed SSXP II. The report: (1) summarized environmental issues identified from the time Questar initiated project planning activities; (2) detailed the pre-filing scoping efforts of both Questar and the Commission; (3) listed 266 scoping comments received to date; and (4) included all records and documentation supporting the comment list. Questar explains that based on this information, it initiated rerouting in certain areas to avoid sensitive sites, and developed site-specific mitigation and data recovery plans for one site that could not be avoided.

18. Questar contends that its environmental analysis and resource reports reflect that the SSXP II will be constructed in a manner to minimize impacts to existing scenic, historic, wildlife and recreational values, and for all of the above reasons, concludes that its SSXP II is required by the public convenience and necessity, and that its request for a certificate should be granted.

Interventions

19. Notice of Questar's application in this proceeding was published in the *Federal Register* on December 8, 2006.⁹ No timely motions to intervene, notices of intervention or protests were filed in this proceeding. However, the Kinder Morgan Entities¹⁰ filed a motion to intervene out-of-time, stating that they either directly or indirectly interconnect with Questar so they have an interest in this proceeding and that the late filing was due to an administrative error. Since the Kinder Morgan Entities have demonstrated an interest in this proceeding and since late intervention will not delay resolution of the proceeding or otherwise prejudice the proceeding, the Commission will grant the motion to intervene out-of-time for good cause shown.¹¹

⁹ 71 Fed. Reg. 71152 (Dec. 8, 2006).

¹⁰ The Kinder Morgan Entities consist of TransColorado Gas Transmission Company and Rockies Express Pipeline LLC.

¹¹ See Rule 214(d) of the Commission regulations. 18 C.F.R. § 385.214(d) (2006).

Discussion

20. Because the proposed SSXP II facilities will be used to transport natural gas in interstate commerce, the construction and operation of these facilities will be subject to the NGA and the Commission's jurisdiction.

Certificate Policy Statement

21. The Commission's Certificate Policy Statement establishes criteria for determining whether there is a need for a proposed project and whether the proposed project will serve the public interest. The Certificate Policy Statement explains that in deciding whether to authorize the construction of major new pipeline facilities, the Commission balances the public benefits against the potential adverse consequences. The Commission's goal is to give appropriate consideration to the enhancement of 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.

22. Under the Commission's policy, the threshold requirement for pipelines proposing new projects is that the pipeline must be prepared to financially support the project without relying on subsidization from existing customers. The next step is to determine whether the applicant has made efforts to eliminate or minimize any adverse effects the project might have on the applicant's existing customers, on other pipelines in the market and those existing pipelines' captive customers, or 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 the residual adverse effects. This is essentially an economic test. Only when the benefits outweigh the adverse effects on economic interests will the Commission then proceed to complete the environmental analysis where other interests are considered.

23. Questar proposes to charge its existing Part 284 maximum incremental SSXP rates under Rate Schedule T-1 for firm service and Rate Schedule T-2 for interruptible service. Since none of the proposed project's costs are included in Questar's currently effective rates, accepting Questar's proposal to charge these rates as initial rates for the SSXP II service will not result in subsidization by existing customers. Additionally, review of Questar's Exhibit N demonstrates that the proposed reservation rate applied to the firm transportation service agreements' volumes on the proposed SSXP II will generate aggregate revenues that exceed the aggregate cost of service of SSXP II over a 10-year period.

24. Regarding any adverse effects of the proposed SSXP II on existing shippers, the Commission concludes that there will be no degradation of service. This is supported by our engineering analysis discussed later in this order. We also agree with Questar that there will be no adverse effects on competing pipelines and their captive customers. The capacity that will be created by the SSXP II is capacity to meet a new incremental load that is not being served at this time by any pipeline in the area; thus, no other pipeline will lose existing load as a result of this proposed project. Indeed, this proposed project will provide capacity that other shippers may use on an interruptible or released basis to transport developing sources of gas to markets. Finally, there is no evidence in the record that this project will have an adverse economic effect on landowners along the new pipeline route. As explained, all stakeholders were involved early in the planning process and their concerns were taken into consideration when developing the route. We note that no landowners filed motions to intervene or protests in this proceeding, which is evidence that their concerns have been satisfactorily resolved. In addition, as discussed in the environmental section herein, adverse affects on the environment will be mitigated.

Rates

25. In its cost of service/revenue study and cost comparison study, Questar used the following cost of capital percentages: (a) capital structure: debt 53.63 percent - equity 46.37 percent; cost of debt 7.15 percent; return on equity 11.75 percent; and (b) a depreciation rate of three percent. These are the same capital percentages and depreciation rate accepted in the settlement of Questar's last general rate case in Docket Nos. RP95-407-006 and RP95-407-007.¹² The Commission also used these components to establish the existing incremental SSXP initial recourse rates under Rate Schedules T-1 and T-2, respectively. As noted, Questar proposes to charge the SSXP II customers this existing SSXP maximum incremental rate, which does not include the costs for the SSXP II, and our review of Questar's Exhibit N demonstrates that revenues resulting from the SSXP II service over a 10-year period will exceed the proposed project's costs; thus ensuring that existing customers will not subsidize this subsequent expansion of Questar's southern system. Since there will be no subsidy by existing customers, we will grant Questar's request for a predetermination that it would be appropriate to roll the costs of these facilities into its SSXP rate base in a later NGA section 4 rate case, provided there are no material changes in relevant facts and circumstances.

¹²76 FERC ¶ 61,001 (1996).

Tariff

26. Section 30 of Questar's tariff sets forth procedures for various aspects of negotiated rate service agreements. Section 30.3(c) provides that for each negotiated rate contract, Questar will file with the Commission a tariff sheet that includes a detailed description of the essential elements of the agreement, including the name of the shipper, the negotiated rate, other applicable charges, the receipt and delivery points, the volume of gas to be transported, and the applicable rate schedule. This provision also indicates that the tariff sheet will contain a statement affirming that the negotiated rate agreement does not deviate in any material aspect from the applicable form of service agreement; otherwise, Questar will file the agreement pursuant to section 154.112(b) of the Commission's regulations. Further, section 30.10 provides that Questar will separately record the volumes transported, billing determinants, rate components, surcharges and the revenue associated with the negotiated rate transactions, so this information can be separately identified and totaled as part of Statements G, I and J in any applicable rate filing under NGA section 4(e).

27. Questar's negotiated rate tariff provisions are consistent with the Commission's statement of policy on alternative rates¹³ and the Commission's decision in *NorAm Gas Transmission Company*.¹⁴ However, in certificate proceedings the Commission establishes initial recourse rates but does not make determinations regarding specific negotiated rates for any proposed service.¹⁵ Rather, as provided in section 30 of Questar's tariff, Questar shall file the appropriate tariff sheet for each negotiated rate agreement not less than 30 days and no more than 60 days prior to the commencement of

¹³ *Alternative to Traditional Cost-of-Service Ratemaking for Natural Gas Pipelines and Regulation of Negotiated Transportation Services of Natural Gas Pipelines (Alternative Rate Policy Statement)*, 74 FERC ¶ 61,076 (1996), *reh'g and clarification denied*, 75 FERC ¶ 61,024 (1996), *reh'g denied*, 75 FERC ¶ 61,066 (1996); *petition for review denied*, *Burlington Resources Oil & Gas Co. v. FERC*, 172 F.3d 918 (D.C. Cir. 1998).

¹⁴ 77 FERC ¶ 61,011 (1996).

¹⁵ *CenterPoint Energy – Mississippi River Transmission Corp.*, 109 FERC ¶ 61,007 at P 19 (2004); *ANR Pipeline Co.*, 108 FERC ¶ 61,028 at P 21 (2004); *Gulfstream Natural Gas System, LLC*, 105 FERC ¶ 61,052 at P 37 (2003); and *Tennessee Gas Pipeline Co.*, 101 FERC ¶ 61,360 at n. 19 (2002).

service. We note that the tariff sheet should disclose all consideration received associated with the agreement. Further, Questar shall keep the records described above for each negotiated rate contract.

Engineering

28. Commission staff analyzed the engineering information submitted by Questar in Exhibits G, G-I, G-II and Z-1-4 of its application and concludes that the proposed expansion will not adversely impact Questar's ability to meet its existing contractual obligations. Further, with the proposed facilities, the analysis shows that Questar will be able to transport up to 175,000 Dth/d of natural gas to meet the requirements of the SSXP II customers. Therefore, the Commission finds that Questar's proposal is properly designed for its purpose.

Environment

29. As noted above, on April 7, 2006, an NOI was issued for the proposed SSXP II expansion project and responses were received from: Uintah County, Utah; Pueblo of Laguna, New Mexico; Lloyd Anderson; Tyler Kokjohn; EOG Resources, Inc.; The Wilderness Society, FWS; Nine Mile Canyon Coalition; Jerry Spangler; American Rock Art Research Association; and Leroy Mead. The EA addresses all substantive comments. Additionally, the EA addresses geology, soils, water resources, fisheries, wetlands, vegetation, wildlife, threatened and endangered species, cultural resources, land use, air quality, noise, reliability, safety and alternatives.

30. On March 2, 2007, the EA was sent to all persons on the NOI mailing list and all commenters on the NOI. Comments were received from Questar, the State of Utah School and Institutional Trust Lands Administration, which expressed support for Questar's project, the BLM, Ark Land Company and its affiliate Canyon Fuel Company LLC (Canyon Fuel), the State of Utah Office of the Governor, Public Lands Policy Coordination (State of Utah), and the FWS. The Nine Mile Canyon Coalition submitted a comment out-of-time. A discussion of the comments follows. We note that the Commission adopts all of the environmental conditions, as modified in response to the comments, unless otherwise stated.

31. Questar stated that it has re-evaluated its proposed right-of-way (ROW) width requirements for the proposed project and has significantly reduced the total lengths of the pipeline segments where a 125-foot-wide ROW was proposed to facilitate construction on rugged terrain and where a 150-foot-wide ROW was proposed to facilitate construction on steep slopes. The Commission's environmental staff reviewed

the photo-alignment sheets provided by Questar in its March 28, 2007 filing and concurred with the need for the proposed work spaces. Therefore, EA Condition No. 11 in the draft EA is no longer needed and has been removed from the Appendix hereto.

32. Questar argues that the requirement in EA Condition No. 12 (now Condition No. 11 in the Appendix) to employ two full-time third-party compliance monitors and a compliance manager, in addition to the two environmental inspectors (EIs) required by EA Condition No. 7, is excessive and unwarranted. Questar also notes that the requirement under original EA Condition No. 12 that it develop a draft Environmental Compliance Management Plan (ECMP) has already been accomplished as part of its draft Plan of Development (POD). Questar further claims it would be difficult to find and employ compliance monitors at this time due to a high industry-wide demand for compliance monitors and EIs. Therefore, Questar requests that EA Condition Nos. 7 and 12 be combined so that it will not be required to hire its own EIs, but instead to utilize the third-party compliance monitors which would function both as company EIs and as FERC/BLM compliance inspectors working under the direction of the staff.

33. Questar mistakenly concludes that the duties of the third-party compliance monitors and those of the EIs would be the same. However, there is a distinction between the roles of these inspectors. The company's EIs, which have peer status with other Questar activity inspectors, are responsible for ensuring that Questar and its contractors comply with all of the environmental conditions attached in the Appendix to this order, BLM authorization(s), and other environmental requirements, and the EIs report directly to Questar. On the other hand, the third-party compliance monitors' responsibility is to serve as an extension of the Commission's environmental staff to provide on-site oversight inspection of Questar's compliance with the construction and restoration requirements. Original EA Condition 12 is necessary so that staff and BLM can properly monitor this project's compliance with all environmental mitigation measures in light of the length of the pipeline involved, the ruggedness of the project area, the difficulty of access to pipeline construction sites, and the nature of the environmental mitigation requirements.¹⁶

34. Questar further clarified that it plans to use only one construction spread for the proposed project. Upon further consideration and in consultation with the BLM, the Commission's environmental staff concluded that one EI per construction spread should

¹⁶ In response to the BLM's request, the text of the original EA Condition No. 12 has been modified to reflect the addition of the BLM as the other federal agency under which the third-party contractor would work.

be adequate. However, staff also indicated that the Director of the Commission's Office of Energy Projects (OEP) and the BLM will each have authority to require Questar to employ additional EIs as necessary to ensure environmental compliance if one EI proves to be insufficient. Accordingly, EA Condition No. 7 has been revised to require "one EI per construction spread" rather than "at least two EIs." Further, original EA Condition No. 12 (now Condition No. 11) has been revised to acknowledge that the ECMP is part of the POD under review by the BLM, that FERC staff will work with the BLM in reviewing the details and adequacy of the ECMP prior to implementation, and that Questar shall hire "at least one" full-time monitor per construction spread.

35. EA Condition No. 18 requires Questar to contact the FWS and the BLM for guidance to protect raptors, migratory birds and birds of conservation concern (BCC) or other wildlife from anticipated blasting along the ROW and to file with the Commission the results of such consultations. Questar states that it is not possible for it to know prior to construction where blasting would be necessary; therefore, it could not comply with this condition. The environmental staff recognizes this construction uncertainty, but nevertheless is concerned, as stated in the EA, about the effects of blasting noise on raptors as emphasized in comments from the FWS. Therefore, staff recommends eliminating EA Condition No. 18, but revising EA Condition No. 19 (now Condition No. 17) to allow the qualified avian biologist that already would be on site to determine if any necessary blasting within raptor buffer zones would adversely affect raptor species. If it is determined that there would be an adverse affect, Questar would contact the FWS, BLM and UDWR to determine avoidance or mitigation measures. The Commission agrees with this recommendation.

36. Regarding Original Condition No. 20 (now Condition No. 18), requiring that Questar employ an avian biologist to conduct surveys for eight migratory bird and BCC consistent with FWS protocols/policies and report the results to the FWS, the BLM states that this requirement goes beyond what it would require on the land it manages and that it does not have a national policy on surveying for or implementing mitigation measures for impacts to migratory birds. The BLM suggests that this condition is not necessary. The staff recommended the survey because the eight birds listed in the condition are considered both migratory and birds of conservation concern (BCC), the latter of which are likely to become candidates for listing under the Endangered Species Act (ESA) without additional conservation action, as stated by the FWS in its May 5, 2006 comment letter. If these BCC are added to the ESA, the FWS would require the landowner, in this case the BLM, to implement the mitigation measures in the condition. Given the status of these birds, the Commission concludes that the measures in the condition are

reasonable and should be implemented. We note that the current Condition No. 18, which replaces the original Condition No. 20, requires that the results of any survey be filed with the BLM for its information.¹⁷

37. Regarding EA Condition No. 21 (now Condition No. 19), Questar requested the addition of the mile post designation for Water Canyon, which is potential habitat for the Mexican spotted owl, a threatened and endangered species. That condition has been revised to include the specific pipeline route interval to which the condition applies.

38. Questar commented that the Blind Canyon Compressor Station should not be held to existing noise levels as recommended under EA Condition No. 23 (now Condition No. 21), and asserts that “the proposed compressor upgrade [consisting of the replacement of the existing 4,700 ISO horsepower (hp) turbine with a 5,900 ISO hp unit] at the Blind Canyon Compressor Station would increase [by] two dBA.” The Commission’s environmental staff indicates that this statement is inaccurate, as it is not based on all noise sources from the station and it does not define the noise increase relative to distance from the source. Based on information previously filed by Questar, the two dBA increase relates only to an increase in combustion exhaust noise measured at 50 feet from the source. Specifically, Questar stated:

[T]he two dBA increase in combustion exhaust noise has no additive effect on overall noise levels [from the Blind Canyon Compressor Station]...[and] the [proposed] combustion air inlet is the dominant noise source at a level that is over 10 dBA louder than either of the other two noise sources. The combustion inlet noise level is identical for both [existing and proposed] turbine models at 119 dBA [at 50 feet]. Therefore, Questar does not believe there will be a perceivable difference between noise emissions from the existing Blind Canyon Compressor Station and the modified compressor station.¹⁸

¹⁷ In an April 2, 2006, comment letter on the EA, the FWS states that it has established migratory bird survey and mitigation measures for a similar gas pipeline project in the proposed project area (the WIC Kanda Lateral and Mainline Expansion Project, Docket No. CP07-14-000) and would like to maintain a consistent policy regarding migratory bird and BCC species for all projects in the area.

¹⁸ Questar’s January 24, 2007 *Response to FERC Environmental Information Request* filed on February 2, 2007.

39. According to this explanation, a two dBA increase in combustion exhaust noise at 50 feet from the source, combined with the relatively louder combustion air inlet (the noise from which would remain the same before and after the proposed modifications), should not result in any measurable noise increase at any points outside the station property. While there are no nearby residential noise-sensitive areas, the Blind Canyon Compressor Station is located in proximity to Nine Mile Canyon and other environmentally sensitive areas; therefore, the environmental staff recommended that Questar be held to its own predicted noise levels and that the noise levels from the Blind Canyon Compressor Station should not increase over existing levels after the proposed modifications as measured at the same locations used for the November 29, and December 19, 2005 post-construction noise surveys. The Commission agrees with this recommendation.

40. The Nine Mile Canyon Coalition raised issues, and proposed mitigation for, dust control in the canyon near the construction sites. The BLM stated that as part of Questar's POD filed with the BLM (Appendix D, Transportation Management Plan) several alternative measures for dust control were evaluated, and the conclusion was that the only reasonable and feasible measure to mitigate dust is through the use of water. The BLM recommended that EA Condition No. 13 (now Condition No. 12) be modified to state that Questar, in coordination with the BLM and the Commission staff, develop a dust control program. That condition has been revised to so state.

41. The BLM offered several comments on EA Condition No. 14 (now Condition No. 13) which requires revisions to Questar's Reclamation Plan and sets out specific mitigation measures. This condition contains this level of specificity because generally revegetation efforts in the semi-desert region of the proposed project area are prone to failure without specific reclamation measures tailored for that environment. However, as described below, some of the requirements in this condition have been revised in response to the BLM's concerns. The BLM states that it would be impractical to remove excess rock from the top 24 inches of soil in order to facilitate the growth of desert plants as required by Condition No. 14(a), and would create more of a disturbance than a benefit. This condition has been revised to make clear that the condition is meant only to apply to the ditchline and other excavated areas to maximize the potential for revegetation of the right-of-way by prohibiting windrowing¹⁹ of excess rock, and shallow

¹⁹ Windrowing refers to the placing of excavated material in a long contiguous pile alongside the excavation; typical of when a pipeline trench is dug or if rocks are piled up along one edge of the right-of way.

burial in the trench where it would inhibit the growth of desert plants. The goal is that rock density of the restored right-of-way be similar to the adjacent undisturbed right-of-way.

42. Additionally, regarding EA Condition No. 14(c), the BLM states that the spacing between pocking depressions is dependent on site specific slope and soil conditions and recommends that for all federal lands Questar identify the spacing distances in its Reclamation Plan. EA Condition No. 14 (c) (now Condition No. 13(c)) has been modified to allow for site-specific determination of appropriate spacing between pocking depressions. With reference to EA Conditions Nos. 14(d), (e), and (f), the BLM has stated that experience has shown that mulch is an effective measure in reclamation efforts between 6,000-7,000 feet and should be applied per manufacturer's recommendation with the recommended tackifier amount. Based on further discussions with the BLM, Commission staff agrees with BLM regarding the importance for soil stabilization in this desert environment and has recommended amending Condition No. 14(d) to include the addition of soil stabilizers, such as crimped straw wattles or tackifiers, as warranted by conditions on the ground. Commission staff still maintains that use of certain types of mulch (hydromulch and wood chips) has proven to be counterproductive to revegetation efforts in semi-desert regions. Also, manufacturer's recommendations typically do not take into account the site-specific conditions of the environment in which their products are used. Therefore, we find that EA Condition Nos. 14 (e) and (f) should remain as written in the EA. Nevertheless, the BLM may further modify the specific requirements of these recommendations for lands under its jurisdiction.

43. Prior to the issuance of the EA, Questar had not committed to conducting a survey for biological soil crust communities along the ML 104 Loop route. In its comments on the EA, Questar stated it would hire a qualified biologist to conduct a survey for the soil crust communities along the ML 104 Loop route. The BLM also recommended that the ML 104 Loop be surveyed for soil crust communities. Therefore, consistent with Questar's and BLM's view that the route should be surveyed, original EA Condition No. 15 (now Condition No. 14) has been modified to require a survey by a qualified soil scientist with prior experience in biological soil crust community identification. Also, regarding this condition, the BLM recommended that where biological soil crusts are present, that only the top three inches of topsoil be segregated creating only two windrows as opposed to the three recommended in original EA Condition No. 15. With reference to EA Condition No. 16 (now Condition No. 15), the BLM stated that reapplying the top 2 inches of biological soil crusts after pocking and seeding would bury seeds so they could not germinate and that watering biological soil crust communities post-restoration would be impractical. Questar also made similar comments on original

EA Condition No. 16 and requested that if the environmental condition is not eliminated, that it apply only to the areas where biological soil crusts are present along the ML 104 Loop based upon a survey.

44. Section 2.3.1.1 of the EA has a full discussion of the importance of biological soil crust communities in arid and semi-arid regions. Because these interwoven living communities are concentrated in the top 0.5 inch of the soil surface, original EA Condition No. 15 has been modified to require that any efforts to preserve them necessitate the removal and segregation of just enough of these communities so when they are reapplied during restoration they have a better chance to reestablish themselves relatively rapidly. This approach will ensure the best likelihood for long-term ROW revegetation and stabilization. Segregating more soil would only serve to bury these living communities and inhibit their reestablishment.

45. Additionally, regarding EA Condition No. 16, pocking and seeding on top of the crust communities would only further break apart these interwoven communities. In consultations with the resident biological soil crust expert at the Moab, Utah Field Office of the US Geological Survey (USGS), another cooperating agency, Commission staff was informed that experience in similar crust restoration efforts has demonstrated that seeds can and do germinate through 2 inches of crust communities. Furthermore, because biological soil crust communities are living organisms, watering post-restoration is essential. Commission staff has also advised that it concurs with Questar's request that EA Condition No. 16 only apply to those areas along the ML 104 Loop where the biological soil crusts are present as determined by survey. The Commission adopts Conditions No. 15 and 16, now Condition Nos. 14 and 15, as modified herein, as well as the recommendation that Questar conduct the survey regarding biological soil crusts, which is reflected in the modified conditions.

46. In its comments on EA Condition No. 17, requiring adequate watering and replanting as necessary to ensure the successful rehabilitation of the Nine Mile Canyon Area,²⁰ the BLM maintains that it would be impractical to water plants in a desert

²⁰ This land is owned by a private party, but is part of the BLM's Nine Mile Canyon Scenic Backcountry Byway which has a Class II Visual Resource Management objective. A class II Objective, as defined by the BLM VRM Manual H-8410-1, Visual Resource Inventory, is to retain the existing character of the landscape. Although part of the objective is to keep the level of change to the characteristic landscape low, management activities may be seen, but they should not attract the attention of the casual observer. Any changes must repeat the basic elements of form, line, color, and texture found in the predominant natural features of the characteristic landscape.

environment and recommends that Questar explain how it will implement the replanting requirement in its reclamation plan. As stated in the EA, Questar, in its Nine Mile Canyon Visual Resource Assessment and Mitigation Measures Report (Report), already has committed to a daily two-week watering schedule of all replanted willow spikes and small pinyon pine and juniper plantings in order to accelerate the re-establishment of woody vegetation. However, in its comments on the revegetation plan in the Report prior to the publication of the EA, the USGS indicated that it would be necessary to water these transplants for at least one to two months to ensure their successful reestablishment as opposed to the two weeks proposed by Questar. Given the arid nature of the proposed project area and uncertainties regarding what would constitute a sufficient amount of watering to ensure survival of any replanted riparian vegetation, Commission staff required in Condition No. 17 that all transplants be watered and replanted as necessary to ensure their reestablishment. The “as necessary” language recognizes that conditions on the ground at the time would dictate whether the duration for watering should be two weeks or two months. Therefore, original EA Condition No. 17 (now Condition No. 16) has not been modified. The Commission agrees that a modification is unnecessary.

47. The State of Utah expressed its concern about direct and indirect impacts to wildlife associated with the project area and, in particular, with the Bookcliff Mountains, since the project area may experience increased traffic due to pipeline construction-related activities. The State of Utah noted that a detailed discussion of transportation and access issues referred to in the EA as being located in section 2.4.1.2 of the EA was not, in fact, there. That reference contains a typographical error. The discussion in question is located in sections 2.6.1.2 and 2.6.2.1 of the EA.

48. The State of Utah also commented that the proposed project would require an air quality permit (Approval Order) and that a permit application must be submitted to the Executive Secretary at the Utah Division of Air Quality (UDAQ). The State of Utah also asserted that the proposed project is subject to Utah Administrative Rule R307-205-5 “Fugitive Dust”. The rule requires that “construction and demolition activities,” including “clearing or leveling of land greater than one-quarter acre in size, earthmoving, excavation, or movement of trucks or construction equipment over cleared land greater than one-quarter acre in size or access haul roads,” minimize fugitive dust from any such activities using dust suppression methods approved by the UDAQ Executive Secretary. Questar is required to comply with all applicable requirements of this regulation.

49. The State of Utah also indicates that the Utah Division of Wildlife Resources (UDWR) has remaining concerns regarding sagebrush parklands in the vicinity of Milepost (MP) 28 to 31 that provide suitable wintering habitat for the greater sage grouse which is a BLM “sensitive species,” a State of Utah “Species of Special concern,” and a FWS “BCC” and “Partners in Flight” species. In addition to this specific area, the BLM indicated that UDWR recently completed radio tracking of greater sage grouse and

identified additional habitat from MP 32.4 to 35.5. The State and UDWR recommend further consultation with their agencies regarding the proposed pipeline alignment and the possibility of further protection for the sagebrush habitat. The BLM recommended mitigation in the form of additional reclamation or enhancement of adjacent habitat. Because new information revealed that the greater sage grouse is known to inhabit these open sagebrush parks, Commission staff concurs that additional mitigation measures and appropriate verification of restoration after construction may be needed to protect this habitat. Therefore, the following environmental Condition No. 22 has been added for this project and we adopt its inclusion:

Questar shall develop in consultation with the UDWR and BLM a plan providing additional mitigation measures, as necessary, to protect or restore the sagebrush habitat utilized by wintering greater sage grouse near MPs 28 to 31 and 32.4 to 35.5. Mitigation may include, but is not limited to, minor pipeline realignments, sagebrush reclamation measures, or enhancement of adjacent habitat. Questar shall file this plan and documentation of agency consultation with the Secretary for review and written approval of the Director of OEP **prior to construction between MPs 28 to 31 and 32.4 to 35.5.**

50. Canyon Fuel expressed its concern that the EA failed to adequately address environmental impacts resulting from the use of roads and lands ancillary to construction of the pipelines. Canyon Fuel stated that the EA appears to focus on the actual construction of the pipelines, but fails to make sufficient substantive analysis of collateral impacts to peripheral lands and roads not constituting the actual pipeline ROW. Canyon Fuel also stated that the EA only generically sets out how Questar would minimize or prohibit environmental degradation to road beds and environmental impacts from fugitive road dust. The Commission finds that the EA adequately discusses the use and impacts to roads, including impacts to soils and potential impacts as a result of fugitive dust in sections 1.6.3, 1.7, 2.1.6.1, 2.2.2.6, 2.4.4, 2.6.1.1, 2.6.1.2, 2.8.4, and 2.9.1.

51. Canyon Fuel stated that the EA does not address how Questar would assist it and other land owners in maintaining the required water, air, and road maintenance standards during Questar's project-related activities. Canyon Fuel proposed that, at a minimum, the EA should require Questar to adopt operating procedures and reclamation standards that protect the existing uses of the roads. The Commission notes that the BLM, the federal land management agency with jurisdiction over the majority of lands involved in the project, would grant a ROW to Questar for use of all permanent and temporary access roads under its jurisdiction. The ROW would be subject to a detailed Plan of Development (POD) that, among other things, addresses use and maintenance of all

access roads. Included would be measures to mitigate potential impacts including fugitive dust and rutting. The BLM would also require that Questar follow specific road building and maintenance standards as part of its ROW grant.

52. With regard to EA Condition No. 12, Canyon Fuel proposed that Questar, in cooperation with it and other affected landowners, include appropriate environmental monitoring and mitigation measures in the ECMP to ensure compliance with required air, water, and use and maintenance standards for public and private roads that may be impacted during project construction and use of the proposed pipelines. Canyon Fuel believes that the recommended environmental compliance monitors should be charged with the specific responsibility of monitoring Questar's use and maintenance of public and private roads and be given the same authority to stop any activities that are not in compliance with regulatory-permitted or owner-imposed requirements in much the same as compliance monitoring is proposed for the pipeline ROW. In fact, the Commission notes that Questar's EIs would be responsible for ensuring compliance with all environmental mitigation requirements and that Commission staff, in cooperation with the BLM, will monitor Questar's compliance activities. In addition, the BLM would require Questar to have a compliance bond in effect until such time that all of the obligations outlined in the ROW grant have been satisfied.

53. In response to the NOI, some commenters expressed safety concerns. The Department of Transportation (DOT) is solely responsible for establishing criteria and requirements for the safety of natural gas pipeline facilities. DOT sets standards for the design, construction, inspection, and operation of natural gas pipelines in accordance with the Natural Gas Pipeline Safety Act of 1968.²¹ DOT's safety standards specify material selection and qualification, minimum design requirements, and protection from internal, external, and atmospheric corrosion. Any applicant for a certificate from the Commission is required to verify that the proposed facilities would meet DOT safety standards. Questar has done so here.

54. The EA finds that if the proposed SSXP II is constructed and operated in accordance with Questar's application and supplements, including responses to staff's data requests, and with the environmental conditions in the appendix hereto, approval of this proposal would not constitute a major federal action significantly affecting the quality of the human environment.

55. We note that any state or local permits issued with respect to the jurisdictional facilities authorized herein must be consistent with the conditions of this certificate. The

²¹ See 49 U.S.C. Chapter 601 (2005).

Commission encourages cooperation between interstate pipelines and local authorities. However, this does not mean that state and local agencies, through application of state or local laws, may prohibit or unreasonably delay the construction or operation of facilities approved by this Commission.²² Questar shall notify the Commission's environmental staff by telephone, e-mail, or facsimile of any environmental noncompliance identified by other federal, state, or local agencies on the same day that such agency notifies Questar. Questar shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

Conclusion

56. For all of the reasons discussed above, the Commission will issue a certificate of public convenience and necessity to Questar authorizing it to construct and operate its proposed SSXP II, on the terms and conditions discussed herein and in the appendix hereto. At a hearing held on April 19, 2007, the Commission on its own motion received and made a part of the record in this proceeding all evidence, including the application, as supplemented, and exhibits thereto, submitted in support of the authorizations sought herein, and upon consideration of the record,

The Commission orders:

- (A) A certificate of public convenience and necessity is issued to Questar to construct and operate the SSXP II, as more particularly described in the application and in this order.
- (B) The facilities authorized in paragraph (A) shall be completed and placed into service within one year of the date of this order pursuant to section 157.20(b) of the Commission's regulations.
- (C) Questar is authorized to charge as initial rates for the SSXP II the recourse incremental rates and usage charges that are listed for the SSXP in its rate schedules its FERC Gas Tariff, First Revised Volume No. 1.
- (D) Questar may roll the costs of its proposed SSXP II project into its SSXP rate base in its next NGA section 4 rate proceeding, provided there are no material changes in relevant facts and circumstances.

²² See, e.g., *Schneidewind v. ANR Pipeline Co.*, 485 U.S. 293 (1988); *National Fuel Gas Supply v. Public Service Commission*, 894 F.2d 571 (2d Cir. 1990); and *Iroquois Gas Transmission System, L.P.*, 52 FERC ¶ 61,091 (1990) and 59 FERC ¶ 61,094 (1992).

(E) Questar is directed to file either its negotiated rate agreements or a tariff sheet fully describing any negotiated rate transactions no less than 30 days and no more than 60 days prior to the commencement of service.

(F) The certificate issued in paragraph (A) is conditioned on Questar's compliance with all applicable provisions of the NGA and the Commission's regulations, in particular, Parts 154, 157 and 284, and paragraphs (a), (b), (e) and (f) of section 157.20 of the regulations.

(G) Questar shall notify the Commission's environmental staff by telephone and/or facsimile of any environmental noncompliance identified by other federal, state, or local agencies on the same day that such agency notifies Questar and shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

(H) Questar shall comply with the environmental conditions in the appendix hereto.

(I) The motion to intervene out-of-time is granted.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

Environmental Conditions

1. Questar shall follow the construction procedures and mitigation measures described in its application and supplements (including responses to staff data requests) and as identified in the EA, unless modified by the Order. Questar must:
 - a. request any modification to these procedures, measures, or conditions in a filing with the Secretary;
 - b. justify each modification relative to site-specific conditions;
 - c. explain how that modification provides an equal or greater level of environmental protection than the original measure; and
 - d. receive approval in writing from the Director of the OEP before using that modification.
2. The Director of the OEP has delegated authority to take whatever steps are necessary to ensure the protection of all environmental resources during construction and operation of the project. This authority shall allow:
 - a. the modification of conditions of the Order; and
 - b. the design and implementation of any additional measures deemed necessary (including stop work authority) to assure continued compliance with the intent of the environmental conditions as well as the avoidance or mitigation of adverse environmental impact resulting from the project construction and operation.
3. **Prior to any construction**, Questar shall file an affirmative statement with the Secretary, certified by a senior company official, that all company personnel, EIs, and contractor personnel would be informed of the environmental inspector's authority and have been or will be trained on the implementation of the environmental mitigation measures appropriate to their jobs **before** becoming involved with construction and restoration activities.
4. The authorized facility locations shall be as shown in the EA, and as supplemented by filed alignment sheets. **As soon as they are available, and before the start of construction**, Questar shall file with the Secretary any revised detailed survey alignment maps/sheets at a scale not smaller than 1:6,000 with station positions for the facility approved by the Order. All requests for modifications of environmental conditions of the Order or site-specific clearances must be written and must reference locations designated on these alignment maps/sheets.

Questar's exercise of eminent domain authority granted under NGA section 7(h) in any condemnation proceedings related to the Order must be consistent with these authorized facilities and locations. Questar's right of eminent domain granted under NGA section 7(h) does not authorize it to increase the size of its natural gas pipeline to accommodate future needs or to acquire a right-of-way (ROW) for a pipeline to transport a commodity other than natural gas.

5. Questar shall file with the Secretary detailed alignment maps/sheets and aerial photographs at a scale not smaller than 1:6,000 identifying all route realignments or facility relocations, and staging areas, pipe storage yards, new access roads, and other areas that would be used or disturbed and have not been previously identified in filings with the Secretary. Approval for each of these areas must be explicitly requested in writing. For each area, the request must include a description of the existing land use/cover type, and documentation of landowner approval, whether any cultural resources or federally listed threatened or endangered species would be affected, and whether any other environmentally sensitive areas are within or abutting the area. All areas must be clearly identified on the maps/sheets/aerial photographs. Each area must be approved in writing by the Director of the OEP **before construction in or near that area.**

This requirement does not apply to route variations required herein or extra workspace allowed by the *Upland Erosion Control, Revegetation, and Maintenance Plan*, minor field realignments per landowner needs and requirements which do not affect other landowners or sensitive environmental areas such as wetlands.

Examples of alterations requiring approval include all route realignments and facility location changes resulting from:

- a. implementation of cultural resource mitigation measures;
 - b. implementation of endangered, threatened, or special concern species mitigation measures;
 - c. recommendations by state regulatory authorities; and
 - d. agreements with individual landowners that affect other landowners or could affect sensitive environmental areas.
6. **Within 60 days of the acceptance of this certificate and before construction begins**, Questar shall file an initial Implementation Plan with the Secretary for

review and written approval by the Director of OEP describing how Questar would implement the mitigation measures required by the Order. Questar must file revisions to the plan as schedules change. The plan shall identify:

- a. how Questar would incorporate these requirements into the contract bid documents, construction contracts (especially penalty clauses and specifications), and construction drawings so that the mitigation required at each site is clear to onsite construction and inspection personnel;
 - b. the number of environmental inspectors (EIs) assigned per spread, and how the company would ensure that sufficient personnel are available to implement the environmental mitigation;
 - c. company personnel, including environmental inspectors and contractors, who will receive copies of the appropriate material;
 - d. the training and instructions Questar will give to all personnel involved with construction and restoration (initial and refresher training as the project progresses and personnel change), with the opportunity for OEP staff to participate in the training session(s);
 - e. the company personnel (if known) and specific portion of Questar's organization having responsibility for compliance;
 - f. the procedures (including use of contract penalties) Questar would follow if noncompliance occurs; and
 - g. or each discrete facility, a Gantt or PERT chart (or similar project scheduling diagram), and dates for:
 - i. the completion of all required surveys and reports;
 - ii. the mitigation training of onsite personnel;
 - iii. the start of construction; and
 - iv. the start and completion of restoration.
7. Questar shall employ at least one EI per spread. The EI shall be:
- a. responsible for monitoring and ensuring compliance with all mitigative measures required by the Order and other grants, permits, certificates, or other authorizing documents;

- b. responsible for evaluating the construction contractor's implementation of the environmental mitigation measures required in the contract and any other authorizing document;
 - c. empowered to order correction of acts that violate the environmental conditions of the Order, and any other authorizing document;
 - d. responsible for documenting compliance with the environmental conditions of the Order, as well as any environmental conditions/permit requirements imposed by other federal, state, or local agencies; and
 - e. responsible for maintaining status reports.
8. Questar shall file updated status reports prepared by the head EI with the Secretary on a **biweekly** basis **until all construction and restoration activities are complete**. On request, these status reports would also be provided to other federal and state agencies with permitting responsibilities. Status reports shall include:
- a. the current construction status of the project spread, work planned for the following reporting period, and any schedule changes for stream crossings or work in other environmentally sensitive areas;
 - b. a listing of all problems encountered and each instance of noncompliance observed by the environmental inspectors during the reporting period both for the conditions imposed by the Commission and any environmental conditions/permit requirements imposed by other federal, state, or local agencies;
 - c. corrective actions implemented in response to all instances of noncompliance, and their cost;
 - d. the effectiveness of all corrective actions implemented;
 - e. a description of any landowner/resident complaints that may relate to compliance with the requirements of the Order, and the measures taken to satisfy their concerns; and
 - f. copies of any correspondence received by Questar from other federal, state, or local permitting agencies concerning instances of noncompliance, and Questar's response.

9. Questar must receive written authorization from the Director of OEP **before commencing service** for each phase of the project. Such authorization will only be granted following a determination that rehabilitation and restoration of the ROW and other areas affected by the project are proceeding satisfactorily.
10. **Within 30 days of placing the certificated facilities in service**, Questar shall file an affirmative statement with the Secretary, certified by a senior company official:
 - a. that the facilities have been constructed in compliance with all applicable conditions, and that continuing activities would be consistent with all applicable conditions; or
 - b. identifying which of the certificate conditions Questar has complied with or will comply with. This statement shall also identify any areas affected by the projects where compliance measures were not properly implemented, if not previously identified in filed status reports, and the reason for noncompliance.
11. **Prior to construction**, Questar shall hire and fund a third-party contractor to work under the direction of the Commission staff and the Bureau of Land Management for the sole purpose of monitoring compliance with all environmental mitigation requirements. Questar shall obtain proposals from potential contractors to provide monitoring services, and file the proposals with the Secretary for review and approval by the Director of OEP in consultation with the BLM. The Environmental Compliance Management Plan shall include:
 - a. the employment by the contractor of at least one full-time on-site monitor per construction spread;
 - b. the employment by the contractor of a compliance manager to direct and coordinate with the monitor(s), manage the reporting system, and provide technical support to the FERC staff;
 - c. a systematic strategy for the review and approval by the contract compliance manager and monitor(s) of variances to certain construction activities as may be required by Questar based on site-specific conditions;
 - d. the development of an internet website for posting daily or weekly inspection reports submitted by both the third-party monitor(s) and Questar's environmental inspectors; and

- e. a discussion of how the Environmental Compliance Management Plan can incorporate and/or be coordinated with the monitoring or reporting that may be required by other federal and state agencies.
12. Questar in coordination with BLM and FERC shall develop a dust control program for the Southern System Expansion Project II.
13. Questar shall revise its Reclamation Plan and file it with the Secretary for review and written approval of the Director of the OEP **prior to construction**. The revised Reclamation Plan should incorporate the following:
- a. to facilitate the growth of desert plants, remove excess rock from the top 24 inches of excavated soil so that upon final restoration the density of rock on the surface of the restored right-of-way does not differ substantially from the density of rock on adjacent undisturbed areas;
 - b. to ensure erosion control, adhere to the FERC Plan regarding temporary erosion control as stated in section IV.F;
 - c. to facilitate the reestablishment of vegetative cover, Questar shall space pocking depressions as determined by site specific slope and soil conditions;
 - d. to ensure that moisture reaches the soil subsurface for timely seed germination, apply mulch lightly during reclamation (less than 30 percent ground cover, spread evenly) and any necessary soil stabilizers as conditions on the ground warrant;
 - e. to ensure that moisture reaches the soil subsurface, avoid using hydromulch below an elevation of 7,000 feet;
 - f. to ensure that light reaches the light-dependent biological soil crust communities, avoid using wood chip/wood fiber cover below 7,000 feet elevation;
 - g. to prevent the spread of non-native and invasive species, only add fertilizer as necessary. To determine this necessity, conduct a soils analysis and only add organic matter (*e.g.*, topsoil amendments) to bring soils nutrients to natural levels;

- h. to ensure that seeds germinate on steep slopes, hydroseed in two stages: blow the seeds on first, then immediately blow the hydromulch;
 - i. to ensure the best chance of seeding success, seed in the fall where feasible;
- 14. **For construction of the ML 104 Loop pipeline (MP 0.0. to 4.7)**, Questar shall hire a qualified soil scientist with prior experience in biological soil crust community identification to survey the route for biological soil crusts prior to construction. Where biological soil crusts are found, Questar shall segregate soil into three piles consisting of 1) the top 2 inches of topsoil in a long, broad, and shallow windrow; 2) the remaining topsoil, and 3) the subsoil. Where there are no biological soil crusts, Questar shall segregate up to the top 4-inches topsoil and the remaining soil in two separate windrows as it has committed to do for the ML 104 Extension route
- 15. **During restoration of the ML 104 Loop**, where biological soil crusts have been surveyed and segregated along the route, Questar shall reapply the top 2 inches of topsoil after all other activities have occurred, including pocking and seeding. Questar shall also water the surveyed and segregated biological soil crusts immediately following reapplication of this topsoil layer.
- 16. Questar shall adequately water and replant as necessary in order to ensure the successful rehabilitation of the Nine Mile Canyon Area.
- 17. Questar shall employ a qualified avian biologist to conduct surveys **from the ground** of raptor nests prior to construction to confirm all nest occupants as well as survey potential nesting locations to locate any new raptor nests. The biologist shall be present on the site **during active construction** to coordinate with construction crew(s) and the local Utah Division of Wildlife Resources biologist regarding monitoring and construction activities as well as confirm fledge time, as appropriate. If blasting is deemed necessary within raptor nest buffer zones, the qualified avian biologist on site shall determine the potential effect on the species. If the determination is an adverse affect on the species, then Questar shall contact FWS, BLM and UDWR to determine avoidance or mitigation measures. Questar shall file with the Secretary and the BLM the results of all such consultations.
- 18. **Prior to the start of construction on each spread**, Questar shall employ a qualified biologist to conduct surveys for the eight migratory bird and Birds of Conservation Concern (BCC) ground nesters (black-throated gray warbler, Brewer's sparrow, gray vireo, loggerhead shrike, long-billed curlew, pinyon jay, sage sparrow and Virginia's warbler) within 165 feet on each side of the

centerline. The surveys shall be conducted consistent with FWS protocols and the results shall be provided to FWS and filed with the Secretary and the BLM. If active nests for these migratory bird and BCC species are documented during these surveys, Questar shall coordinate with the FWS and other appropriate agencies to determine possible protection or mitigation measures and file the results of the consultation with the Secretary and the BLM.

19. **Prior to construction**, Questar shall file with the Secretary for **review and approval by the Director of OEP** the results of its Mexican spotted owl survey in Water Canyon, between MPs 22.7 and 24.0, and the results of its consultations with the FWS regarding the Mexican spotted owl.
20. Questar shall defer construction between MP 25.0 and MP 27.0 **until**:
 - a. the FERC provides the Advisory Council on Historic Preservation with an opportunity to comment on the project;
 - b. the FERC executes a Memorandum of Agreement for resolving adverse effects at the affected historic property; and
 - c. the Director of the OEP notifies Questar in writing that it may implement the treatment plan, and proceed with construction.

All material filed with the Commission containing location, character, and ownership information about cultural resources must have the cover and any relevant pages therein clearly labeled in bold lettering: **“CONTAINS PRIVILEGED INFORMATION – DO NOT RELEASE.”**

21. Questar shall conduct a post-construction noise survey and verify that there is no increase in noise above current levels as determined in post-construction noise surveys filed on November 29 and December 19, 2005, for the Oak Spring and Blind Canyon Compressor Stations. Should the post-construction noise levels be found to increase over current levels at each station, Questar shall install additional noise controls to decrease the noise to a level at or below the current noise levels within one year of the in-service date. Questar shall confirm compliance with this condition by filing a second noise survey with the Secretary **no later than 60 days** after Questar installs the additional noise controls.
22. Questar shall develop in consultation with the UDWR and BLM a plan providing additional mitigation measures, as necessary, to protect or restore the sagebrush habitat utilized by wintering greater sage grouse near MPs 28 to 31 and 32.4 to

35.5. Mitigation may include, but is not limited to, minor pipeline realignments, sagebrush reclamation measures, or enhancement of adjacent habitat. Questar shall file this plan and documentation of agency consultation with the Secretary **for review and written approval of the Director of OEP prior to construction between MPs 28 to 31 and 32.4 to 35.5.**