

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

Millennium Pipeline Company, L.L.C.)
)
) Docket No. CP11-____-000

**ABBREVIATED APPLICATION OF
MILLENNIUM PIPELINE COMPANY, L.L.C.
FOR A CERTIFICATE OF PUBLIC CONVENIENCE
AND NECESSITY**

Millennium Pipeline Company, L.L.C. (**Millennium**) submits, under Section 7(c) of the Natural Gas Act (**NGA**),¹ and Part 157 of the Rules and Regulations of the Federal Energy Regulatory Commission (**Commission**),² this abbreviated application (**Application**) for a certificate of public convenience and necessity to construct, own, operate, and maintain the Minisink Compressor Project (**Project**), which consists of a new compressor station and related facilities in the Town of Minisink in Orange County, New York, all as more fully described in this Application.

Millennium respectfully requests that the Commission issue, by February 1, 2012, an order granting the authority sought in this Application. Issuance of an order by February 1, 2012 would allow Millennium to meet a construction window to accommodate a federally endangered species (*see* section VII) and place the Project into service by November 1, 2012, as required by Millennium’s customers.

¹ 15 U.S.C. § 717f(c).

² 18 C.F.R. § 157.7.

I PROJECT OVERVIEW

The Project responds to the demand for additional pipeline capacity to move market-area gas supplies to liquid points. The Project would serve this demand through an economic compression expansion of Millennium's pipeline system, including the construction of a new compressor station in the Town of Minisink in Orange County, New York, with two 6,130 horsepower natural gas-powered turbines, minimal suction and discharge pipeline, and related appurtenant facilities. The Project, including all appurtenant facilities, will be located on land to be owned in fee by Millennium. These facilities will enable Millennium to increase firm deliveries to its interconnection with Algonquin Gas Transmission, LLC (**Algonquin**) at Ramapo, New York to approximately 675,000 dekatherms per day (**Dth/day**).³ The Project facilities will also permit bi-directional gas flow capabilities on Millennium's system between its existing compressor station at Corning, New York and the new compressor station.

Millennium conducted a binding open season, including the solicitation of turnback capacity, from April 1, 2011 through April 15, 2011. The Project is fully supported by precedent agreements for long-term firm transportation service, at negotiated rates, with two anchor shippers and one additional shipper. *See* Exhibit I. As demonstrated in the ten-year cost and revenue comparison in Exhibit N, Project revenues significantly exceed the Project cost of service. Accordingly, the Project is economically viable without subsidization from existing shippers.

As shown in the Environmental Report attached as Exhibit F-1, the Project will not significantly affect landowners, local communities, or the environment. Millennium will

³ Under Docket No. CP98-150, et al., Millennium's certificated design day capacity was based on deliveries of up to 450,000 Dth/day to the interconnection with Algonquin at Ramapo, New York.

construct the Project on a 73.4-acre rural parcel that it will own in fee, thus minimizing the impact of the proposed facilities on landowners and surrounding communities. Millennium is committed to working with landowners, local officials, agencies, and other stakeholders to address any issues that arise with respect to the Project. The minimal environmental impacts of the Project can be effectively mitigated and are clearly outweighed by the substantial Project benefits. Therefore, the Commission should approve the Project as consistent with the public convenience and necessity.

II IDENTITY OF APPLICANT AND DESCRIPTION OF EXISTING OPERATIONS

The applicant's legal name is Millennium Pipeline Company, L.L.C. Millennium is a Delaware limited liability company owned by subsidiaries of NiSource Inc., National Grid PLC, and DTE Energy Company. Millennium's principal place of business is in Pearl River, New York. Millennium currently operates facilities in the state of New York that are subject to the Commission's jurisdiction under the NGA. Millennium owns and operates a natural gas pipeline system across southern New York from an interconnection with National Fuel Gas Supply Corporation at Independence, New York to an interconnection with Algonquin Gas Transmission, LLC at Ramapo, New York. Millennium commenced service in 2008 pursuant to a certificate of public convenience and necessity issued by the Commission in Docket Nos. CP98-150, et al.⁴

⁴ *Millennium Pipeline Co., L.L.C.*, 117 FERC ¶ 61,319 (2006).

III COMMUNICATIONS

All communications concerning this Application should be directed to:

Joseph S. Koury
Ryan J. Collins
Wright & Talisman, P.C.
1200 G Street N.W., Suite 600
Washington, D.C. 20005
Tel: (202) 393-1200
Fax: (202) 393-1240
koury@wrightlaw.com
collins@wrightlaw.com

Gary A. Kruse
Vice President - General Counsel & Secretary
Millennium Pipeline Company, L.L.C.
One Blue Hill Plaza, Seventh Floor
P.O. Box 1565
Pearl River, New York 10965
Tel: (845) 620-1300
Fax: (845) 620-1320
kruse@millenniumpipeline.com

IV REQUESTED AUTHORIZATION AND DESCRIPTION OF PROPOSED FACILITIES

Millennium requests authorization under Section 7(c) of the NGA, to construct, own, operate, and maintain the facilities described in this Application. Those facilities consist of: (1) a new compressor station in Orange County, New York; (2) two 6,130-horsepower natural gas-fired Solar Centaur SoLoNOx compressor units (totaling 12,260 horsepower); (3) approximately 545 feet of new 36-inch suction pipeline and 545 feet of new 36-inch discharge pipeline which will connect the new compressor station to the existing Millennium mainline; and (4) ancillary facilities, such as a new mainline valve, access driveway, station control/auxiliary building, intake and exhaust silencers, and a filter-separator with a liquids tank (collectively referred to as the **Minisink Compressor Station**).

V
**PUBLIC CONVENIENCE AND NECESSITY
AND COMPLIANCE WITH CERTIFICATE POLICY STATEMENT**

The Project will serve the public convenience and necessity under the standards set forth in the Commission's Statement of Policy on the certification of new infrastructure projects (**Certificate Policy Statement**).⁵

A. Threshold No-Subsidy Requirement

The Commission's threshold requirement under the Certificate Policy Statement is that the project must be supported without subsidization from existing customers.⁶ As demonstrated in the ten-year cost and revenue comparison in Exhibit N, the revenues associated with the Project significantly exceed the Project's cost of service. Therefore, the Project will be fully supported without subsidization from existing shippers. In this regard, the Project represents an economic compression expansion of Millennium's pipeline system. Millennium constructed its original system using minimal compression and is now taking advantage of this aspect of its initial design to increase its system capacity through the addition of compression, which is an economically viable and efficient means to expand system capacity relative to cost. The Project will benefit existing shippers at the end of their current contracts as the additional volumes transported at the reduced cost will tend to lower future cost of service rates applicable for future renewal periods. In addition, the Project creates capacity for market area producers to transport their gas to markets and shippers connected to Millennium's system, which will diversify the supply options for Millennium's existing shippers and likely increase gas price competition to

⁵ *Certification of New Interstate Natural Gas Pipeline Facilities*, 88 FERC ¶ 61,227 (1999), as amended Oct. 8, 1999.

⁶ Certificate Policy Statement at 61,745.

serve their supply needs. Further, the Project will enhance the flexibility and reliability of Millennium's mainline for the benefit of existing and new shippers.

B. Impacts on Applicant's Existing Customers, Competing Pipelines and Their Captive Customers, and Landowners and Communities

The Commission also considers whether the applicant has made efforts to eliminate or minimize adverse effects the project may have on existing customers of the applicant, competing pipelines and their captive customers, and affected landowners and communities.⁷ The Project satisfies this test.

First, the Project will not degrade service to Millennium's existing customers. To the contrary, by adding compression and establishing bi-directional flow capabilities on the system, the Project will increase options available to existing customers and increase the overall flexibility and reliability of the system. The Project facilities will allow bi-directional flow from Millennium's new Minisink Compressor Station to its existing compressor station at Corning, New York, while still allowing Millennium to meet all of its existing firm obligations. Exhibit G demonstrates that there will be no adverse operational impact on service provided to Millennium's existing shippers as a result of the Project.

Likewise, the Project will not result in any material adverse impact on other existing pipelines and their captive customers. The Project is located in a competitive market near several interstate pipeline systems. The Project will provide a new outlet for market area supplies that can access Millennium's system. Accordingly, the Project will increase supply options for market participants and increase competition in markets served by Millennium's pipeline. The Commission has recognized that it "need not protect pipeline competitors from the

⁷ Certificate Policy Statement at 61,747.

effects of competition, but it does have an obligation to ensure fair competition.”⁸ The Project will enhance fair competition in both supply and transportation markets.

Finally, Millennium has made efforts to minimize any impacts on landowners and local communities. The Project will be sited on rural property owned by Millennium and will not require Millennium to acquire any additional rights-of-way.⁹ Millennium has conducted outreach activities to engage affected stakeholders, including meetings with local officials and contacts with state and local agencies. Millennium will have a Project website to provide information regarding the Project to interested parties. Additionally, in compliance with 18 C.F.R. § 157.6(d), Millennium will contact all affected landowners by mail regarding this Application,¹⁰ and within three business days after the Commission assigns a docket number, Millennium will make a copy of the public version of the Application available in local public libraries. Within 14 days after the Commission assigns a docket number, Millennium will publish notice of the Application’s filing twice in local newspapers. Millennium also will host an open house in the vicinity of the Project to allow landowners, local officials, and other interested parties to learn about the Project and express any comments or concerns.

Millennium is committed to working with stakeholders, in cooperation with Commission Staff, to resolve any environmental or landowner issues. Finally, as described in the Environmental Report, Millennium has taken a number of steps to minimize the Project’s impact

⁸ Certificate Policy Statement at 61,748.

⁹ The Project is located in a low-density populated area, more than 25 miles from any major metropolitan areas (population over 50,000). The nearest city with a population over 50,000 is Ramapo, NY, which is 28.2 miles southeast of the Project.

¹⁰ A sample landowner notification letter is contained in Exhibit Z-1. A list of affected landowners is included in Appendix 1-H to Resource Report 1 and is being filed as confidential and on a non-public basis pursuant to 18 C.F.R. § 388.112. The list is also being furnished directly to Commission Staff.

on landowners and the environment. Millennium has and will continue to engage in consultations with affected federal, state, and local agencies.

C. The Public Benefits of the Project Outweigh Any Residual Adverse Effects

The significant public benefits of the Project clearly outweigh any minimal adverse impacts. The Certificate Policy Statement explains that “[t]he types of public benefits that might be shown are quite diverse but could include meeting unserved demand, eliminating bottlenecks, access to new supplies, lower costs to consumers, providing new interconnects that improve the interstate grid, providing competitive alternatives, increasing electric reliability, or advancing clean air objectives.”¹¹ As discussed above, the Project is an efficient and cost-effective means of moving additional gas supplies to Northeast markets. The Project will increase supply outlets for producers, increase supply options for market participants, and enhance competition in gas markets served by Millennium’s system. The Project will also allow for bi-directional gas flow on the Millennium mainline, which will increase the flexibility and reliability of the system and provide Millennium greater flexibility to respond to future changes in market dynamics. The Environmental Report shows that the construction and operation of the Project will not involve any significant environmental or landowner impacts that cannot be mitigated effectively. Millennium will construct the Project on land that it owns in fee and thus the impact of the proposed facilities on landowners and surrounding communities is limited. In sum, the substantial benefits of the Project greatly outweigh any minimal impacts.

¹¹ Certificate Policy Statement at 61,748.

VI ENVIRONMENTAL IMPACT

The Project has been designed to minimize any adverse environmental impacts. The Environmental Report describes potential environmental effects of the Project in accordance with the Commission's *Guidance Manual for Environmental Report Preparation*¹² and Part 380 of the Commission's regulations.¹³ The Environmental Report shows that environmental issues associated with the Project will be adequately addressed, that any adverse impacts can be avoided or mitigated, that the proposed action is the best alternative, and that the Project will not significantly affect the quality of the human environment. Accordingly, approval of this Project will not constitute a major action significantly affecting the quality of the human environment.

Exhibit F-1 contains the Environmental Report for the Project, consisting of 12 Resource Reports¹⁴ prepared in accordance with the requirements of 18 C.F.R. § 380.12 and the Commission's *Guidance Manual for Environmental Report Preparation*. Resource Report 1 contains a detailed description of the Project, including proposed construction methods. Appendices to Resource Report 1 include preliminary maps showing the Project facilities, as well as documentation of the many consultations with agencies and other stakeholders. Resource Report 2 describes groundwater, surface water, and wetland resources in the Project area. The types of habitats crossed, and the wildlife likely to be found therein, are described in Resource Report 3. The results of the cultural resources survey are summarized in Resource Report 4, portions of which are being submitted as Privileged Information. Socioeconomic statistics of the

¹² *Guidance Manual for Environmental Report Preparation*, FERC Office of Energy Projects (Aug. 2002), <http://www.ferc.gov/industries/gas/enviro/erpan.pdf>.

¹³ 18 C.F.R. Part 380.

¹⁴ Resource Report 13 (pertaining to LNG facilities) is omitted from Exhibit F-1 because the Project does not involve LNG facilities.

one-county Project area are presented in Resource Report 5. The geology of the area and the types of soils crossed by the Project facilities are discussed in Resource Reports 6 and 7, respectively. Resource Report 8 describes the various uses of land affected by the Project. Air emissions and noise from both construction and operation of the Project facilities are addressed in Resource Report 9. Several alternatives, including system alternatives and site alternatives, were analyzed during the development of the Project, and the results are provided in Resource Report 10. The relative safety of natural gas pipelines as a whole, and of the Project in particular, is examined in Resource Report 11. No polychlorinated biphenyls will be associated with the Project, as reported in Resource Report 12.

The Environmental Report shows that the Project will result in no significant adverse environmental impacts. No major waterbodies (i.e., greater than 100 feet wide) will be crossed. In fact, the Project will impact a total of only 0.09 acres of wetlands for the access driveway. While the Project will involve only minimal tree clearing (0.11 acres), the Project may have the potential to impact the Indiana Bat, which is listed as a federally endangered species by the U.S. Fish and Wildlife Service (USFWS) and has been documented within one mile of the Project area. After hibernation, Indiana Bats migrate to their summer habitat in wooded areas where they usually roost under loose tree bark on dead or dying trees. Although there is no evidence of the presence of Indiana Bats at the Project site, Millennium is requesting that the Commission issue an order on this Application by February 1, 2012, as discussed in section VII below, to allow the required minimal tree clearing to be completed prior to March 31, 2012.

No cultural resources will be affected by the Project. No public lands, such as national, state, or local parks, national wildlife refuges, national or state forests, or scenic areas are impacted by the Project. The Project is located in a rural setting of primarily agricultural land use with scattered rural residences in the general area. The compressor station itself will be

located on a pre-cleared portion of the 74.3-acre parcel that is bordered on all four sides by tree growth. To minimize visual impacts, Millennium will use a building design and coloration that will blend in with the surrounding landscape. In combination with the vegetation that generally surrounds the proposed compressor station, Millennium will implement recommended measures to attenuate noise to meet Commission guidelines. By installing Solar Centaur SoLoNOx compressor units, any adverse air impacts of the Project will be minimal.

VII
REQUEST FOR COMMISSION ORDER
BY FEBRUARY 1, 2012
TO ACCOMMODATE A FEDERALLY ENDANGERED SPECIES

As discussed above in section VI, the Indiana Bat, listed as an endangered species by the USFWS, has been documented within one mile of the Project. Millennium has consulted with the USFWS to develop an appropriate plan to accommodate the Indiana Bat during construction of the Project. The USFWS's preferred method for avoiding adverse impacts to the Indiana Bat's maternity roosting season would be for Millennium to complete by March 31, 2012 the minimal tree clearing (0.11 acres) required to install the suction and discharge pipeline facilities that will connect the new compressor station to Millennium's mainline. Therefore, Millennium respectfully requests that the Commission issue an order on this Application by February 1, 2012, so that Millennium can complete the minimal tree clearing in time to accommodate the Indiana Bat's summer migration schedule. Additionally, issuance of an order by that date will allow Millennium to complete construction and place the Minisink Compressor Station in-service by November 1, 2012, as required by Millennium's shippers.

VIII MARKET SUPPORT, RATES, TARIFF, AND COSTS

A. Open Season

Millennium held a binding open season for the Project from April 1, 2011 through April 15, 2011. The open season notice explained that Millennium had entered into precedent agreements with two anchor shippers and solicited requests for additional firm service commitments on a nondiscriminatory basis. The open season also included a solicitation of turnback capacity. Shippers were allowed to elect service at tariff recourse rates or propose a fixed negotiated rate. Additionally, shipper bids were allowed to include capacity “ramp up” and “ramp down” features, subject to certain limitations. Millennium received one bid in addition to the two anchor shipper agreements. While that additional bid was initially at a rate unacceptable to Millennium, the parties ultimately agreed on a satisfactory rate and executed a precedent agreement. Millennium received one offer for turnback of capacity, but the rate offered was not economical and therefore was rejected.¹⁵

The Project is fully supported under long-term firm agreements with primary terms of ten years. The Commission views agreements for long-term firm capacity as evidence of market demand.¹⁶ These precedent agreements are contained in Exhibit I and are submitted on a privileged basis pursuant to 18 C.F.R. § 388.112.

¹⁵ See *Pine Prairie Energy Ctr., LLC*, 135 FERC ¶ 61,168, at P 35 (2011) (“Consistent with Commission precedent, [pipeline] can require shippers offering to turn back capacity to meet reasonable terms designed to keep the company financially whole.” (citing *Cheyenne Plains Gas Pipeline Co.*, 121 FERC ¶ 61,273, at PP 35-37 (2007); *Algonquin Gas Transmission Co.*, 87 FERC ¶ 61,262, at 61,990-91 (1999))).

¹⁶ See *Wyoming Interstate Co., Ltd*, 95 FERC ¶ 61,246, at 61,854 (2001); Certificate Policy Statement at 61,748 (precedent agreements “constitute significant evidence of demand for the project.”).

B. Rates, Tariff, and Costs

Millennium will provide transportation service to Project shippers under its existing rate schedules at negotiated rates pursuant to negotiated rate authority set forth in Section 34 of the General Terms and Conditions of Millennium's FERC Gas Tariff. Millennium is not proposing any tariff changes, new rate schedules, or new services as part of the Project. In accordance with Commission policy, Millennium will file its negotiated rate agreements or a tariff sheet describing them with the Commission not more than 60 days and not less than 30 days before such rates are proposed to become effective.¹⁷ As shown in Exhibit K, the total Project cost is projected to be \$43.6 million. The ten-year cost and revenue comparison in Exhibit N demonstrates that the revenues associated with the Project significantly exceed the Project's cost of service.

IX GAS SUPPLY

Millennium's customers are responsible for obtaining the gas supplies to be transported through the Project facilities. Millennium will use Project facilities to provide open-access transportation services.

X REQUEST FOR WAIVERS

While Millennium is not aware of any required waivers, Millennium requests that the Commission grant any waivers it deems necessary to approve the Project as proposed.

¹⁷ *Natural Gas Pipeline Negotiated Rate Policies and Practices*, 104 FERC ¶ 61,134, at PP 31-34 (2003).

XI NOTICE

Attached is a Form of Notice of this Application suitable for publication in the *Federal Register*, as required by 18 C.F.R. §§ 157.6 and 157.9. Millennium will also make available during its regular business hours a complete copy of the public version of this Application at its principal place of business and on its website.

XII REQUEST FOR SHORTENED PROCEDURES

Millennium respectfully requests, as provided in Rule 710 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.710, that this Application be processed under the shortened procedures provided in Rule 802 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.802. Millennium requests that the intermediate decision be omitted and waives oral hearing and opportunity for filing exceptions. As set forth under Rule 802, the decision of the Commission will be final, subject to reconsideration by the Commission upon request for rehearing as provided by statute.

XIII EXHIBITS

Pursuant to Part 157 of the Commission's regulations, the following exhibits are attached or are omitted for the reasons stated:

Exhibit A - Articles of Incorporation

Attached.

Exhibit B - State Authorizations

Attached.

Exhibit C - Company Officials

Attached.

Exhibit D - Subsidiaries and Affiliation

Attached.

Exhibit E - Other Pending Applications and Filings

Omitted. Millennium has no other pending applications or filings under sections 1, 3, 4, or 7 of the NGA that affect this Application.

Exhibit F - Location of Facilities

Attached.

Exhibit F-1 - Environmental Report

Attached.

Exhibits G and G-II - Flow Diagrams

Attached. Exhibits G and G-II are submitted as Critical Energy Infrastructure Information pursuant to 18 C.F.R. § 388.112.

Exhibit H - Total Gas Supply

Omitted. Not applicable because shippers will obtain their own gas supply.

Exhibit I - Market Data

Attached. Precedent Agreements contained in Exhibit I are submitted as privileged and under seal pursuant to 18 C.F.R. § 388.112.

Exhibit J - Federal Authorizations

Omitted. The required information is contained in Resource Report 1, at Table 1.6-1 – Agency Consultation/Permits.

Exhibit K - Cost of Facilities

Attached.

Exhibit L - Financing

Omitted. Millennium intends to use available funds or receive capital contributions from its members to fund the Project.

Exhibit M - Construction, Operation, and Maintenance

Omitted. Millennium will construct or cause to be constructed, own, operate and maintain the proposed facilities. The proposed facilities will be constructed by one or more independent construction firms. The Project facilities will be operated on an integrated basis with Millennium’s existing facilities.

Exhibit N - Revenues, Expenses, and Income

Attached.

Exhibit O - Depreciation and Depletion

Omitted. The depreciation rate is set forth in Exhibit N.

Exhibit P - Tariff

Omitted. No tariff changes are proposed in this Application.

Exhibit Z-1 - Landowner Notification

Attached is a sample notification to be sent to affected landowners.

**XIV
CONCLUSION**

WHEREFORE, Millennium respectfully requests that the Commission: (1) grant a certificate of public convenience and necessity under Section 7(c) of the NGA and Part 157 of the Commission's regulations authorizing Millennium to own, operate, construct, and maintain the Project, including all related facilities, as described in this Application; and (2) issue an order on this Application by February 1, 2012, to allow Millennium to meet a construction window to accommodate a federally endangered species and to meet the requested in-service date of Millennium's customers.

Respectfully submitted,

/s/ Gary A. Kruse

Joseph S. Koury
Ryan J. Collins
Wright & Talisman, P.C.
1200 G Street N.W., Suite 600
Washington, D.C. 20005
Tel: (202) 393-1200
Fax: (202) 393-1240
koury@wrightlaw.com
collins@wrightlaw.com

Gary A. Kruse
Vice President - General Counsel & Secretary
Millennium Pipeline Company, L.L.C.
One Blue Hill Plaza, Seventh Floor
P.O. Box 1565
Pearl River, New York 10965
Tel: (845) 620-1300
Fax: (845) 620-1320
kruse@millenniumpipeline.com

July 14, 2011