



**STATE OF ALABAMA**  
**PUBLIC SERVICE COMMISSION**  
**P.O. BOX 304260**  
**MONTGOMERY, ALABAMA 36130**

TWINKLE ANDRESS CAVANAUGH, PRESIDENT

JOHN A. GARNER, EXECUTIVE DIRECTOR

JEREMY H. ODEN, ASSOCIATE COMMISSIONER

CHRIS "CHIP" BEEKER, JR., ASSOCIATE COMMISSIONER

**IN RE:**

**APPLICATION OF  
THIRD COAST ALABAMA, LLC  
and  
SOUTHCROSS ALABAMA PIPELINE LLC**

**DOCKET NO. 32972**

**ORDER**

**I. PROCEDURAL HISTORY AND DISCUSSION**

By application filed on October 25, 2019, Third Coast Alabama, LLC ("3CM Alabama") and Southcross Alabama Pipeline LLC ("SAP" and with 3CM Alabama, the "Petitioners") request that the Commission grant, pursuant to ALA. CODE §37-2-4 (1975 as amended), a Certificate of Public Convenience and Necessity ("CPCN") authorizing 3CM Alabama to acquire, own and operate for hire the natural gas gathering and transmission facilities owned by SAP (the "System") and to provide service to customers along the System for hire, on a contract-by-contract basis.

By notice dated October 25, 2019, a hearing in this matter was held on November 19, 2019. Prior to the hearing, 3CM Alabama pre-filed the testimony of Matthew Rowland, President and Chief Executive Officer of Third Coast Midstream, LLC ("Third Coast Midstream") and of 3CM Alabama. Mr. Rowland was the sole witness at the hearing. The Attorney General of Alabama submitted a notice of intervention and participated in the hearing. Members of the Commission's Natural Gas and Gas Pipeline Safety Sections also participated in the hearing.

SAP<sup>1</sup> operates natural gas-gathering and transmission facilities and related assets in the counties of Fayette, Lamar, Jefferson, Tuscaloosa and Walker County, Alabama. On December 1, 2014, another Southcross entity holding operating authority from the Commission, Southcross Alabama Gathering System, L.P.<sup>2</sup> ("SAGS"), was merged into SAP, with SAP as the surviving entity. The Commission was provided notice of the merger by letter dated December 5, 2014. As a result of the merger, SAP holds both the CPCN issued to SAP as described in the Commission's June 13, 2003 Order in Docket 28932 and the CPCN issued to SAGS as described in the June 30, 2006 Order in Docket 29863. On June 9, 2015, in APSC Docket U-5147, the Commission approved the abandonment or deactivation of certain SAP assets. Certain other gathering lines have been subsequently abandoned by SAP as appropriately reported to the Commission's Gas Pipeline Safety Division. Such abandoned assets are not being acquired by 3CM Alabama.

On April 1, 2019, SAP, together with its parent and affiliates, commenced voluntary cases under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). 3CM Alabama is purchasing the operating assets of SAP pursuant to Sections 105, 363 and 365 of the Bankruptcy Code as specified in an Asset Purchase Agreement dated September 11, 2019 (the "Asset Purchase Agreement"). The Asset Purchase Agreement was executed by Magnolia Infrastructure Holdings, LLC, an affiliate of 3CM Alabama, and will be assigned to 3CM Alabama prior to the closing. Under the Asset Purchase Agreement, 3CM Alabama will assume certain SAP contracts, including those contracts subject to the Commission's jurisdiction set forth in Exhibit "E" to the Petition. Final Bankruptcy Court approval of the sale was received on October 22, 2019.

---

<sup>1</sup> SAP was formerly known as Enterprise Alabama Intrastate, LLC ("EAI"), Enterprise Alabama Intrastate, Inc., GulfTerra Alabama Intrastate, L.L.C., Green Canyon Pipe Line Company L.P., El Paso Intrastate-Alabama, Inc. and Sonat Intrastate-Alabama, Inc., Southcross Alabama Gathering System, L.P. acquired all of the membership interests in EAI on August 31, 2011.

<sup>2</sup> Previously named Crosstex Alabama Gathering System.

3CM Alabama, a Delaware limited liability company, is a subsidiary of Third Coast Midstream Holdings, LLC ("TCMH"). ArcLight Energy Partners Fund V, LP, an affiliate of ArcLight Capital Partners, LLC, and a leading private equity firm focused on energy infrastructure investments, indirectly owns approximately 96% of the outstanding equity of TCMH.

TCMH owns 100% of the outstanding equity of Third Coast Midstream, a Delaware limited liability company focused on midstream infrastructure in the natural gas industry. Third Coast Midstream, a successor by conversion to American Midstream Partners, LP, currently owns or has ownership interests in midstream assets in Texas, Louisiana, Mississippi, Alabama, Tennessee, and the Gulf of Mexico consisting of approximately 5,100 miles of interstate and intrastate pipelines, multiple natural gas processing plants, multiple fractionation facilities, an offshore semisubmersible floating production system with nameplate processing capacity of 90 MBbl/d of crude oil and 220 MMcf/d of natural gas, and a terminal site with approximately 3.0 MMBbls of above-ground storage capacity. Before it was taken private on July 23, 2019, Third Coast Midstream's equity interests were listed on the New York Stock Exchange. Third Coast Midstream has \$1.7 billion in total assets as of March 31, 2019. Third Coast Midstream will be managing and operating the System on behalf of 3CM Alabama. The Third Coast Midstream management team has extensive experience in the management and operation of natural gas pipelines, as described in Mr. Rowland's testimony and Exhibit "I" to the Petition. In addition, the company is offering employment to key employees of SAP involved in the operation of the System, which will help ensure a seamless transition. Mr. Rowland confirmed that Third Coast Midstream's resources will be utilized to the extent needed for 3CM Alabama meets its obligations under the CPCN sought by the Petitioners in this docket.

Affiliates of 3CM Alabama hold operating authority in other jurisdictions, including Texas, Louisiana, Mississippi, Alabama, Tennessee, and the Gulf of Mexico. As of the hearing date, 3CM Alabama was an affiliate of several existing APSC regulated entities, including American Midstream (Bamagas Intrastate) LLC, American Midstream (Tennessee River), LLC

and American Midstream (Alabama Intrastate), LLC, each of which is an indirect subsidiary of Third Coast Midstream. Also, 3CM Alabama is an affiliate of Bay Gas Storage Company, Ltd. ("Bay Gas"), which was granted a CPCN in Docket 22367 for the construction and operation of facilities for the storage and transportation of natural gas in multiple storage caverns in the McIntosh Salt Dome, as well as an approximately 21.5 mile pipeline from the storage facility near McIntosh, Alabama, to the north end of the existing Mobile Gas distribution system at the Salco Station. In APSC Docket 30637, Bay Gas was granted an amendment to its CPCN to construct an additional pipeline facility from the storage facility near McIntosh, Alabama to the Transco pipeline to the southwest of McIntosh.

## **II. FINDINGS OF THE COMMISSION**

The Petitioners have demonstrated that 3CM Alabama has the requisite financial, professional and technical resources to properly operate and maintain the System and to furnish the intrastate service being furnished by the System presently. 3CM Alabama and its affiliate, Third Coast Midstream, have taken steps, including the offer of continued employment to existing SAP employees, to ensure that the transition does not result in a disruption of service to existing customers, and that applicable safety regulations are followed. The Commission thus finds that the Petitioner's application should be granted, and the public interest will be best served by the grant of a Certificate of Public Convenience and Necessity authorizing the acquisition, ownership and operation by 3CM Alabama of the natural gas gathering and transmission facilities owned by SAP and the provision of service to customers along the System for hire, on a contract-by-contract basis, pursuant to ALA. CODE §37-2-4 (1975 as amended).

## **III. ORDERING PARAGRAPHS**

**IT IS, THEREFORE, ORDERED** that the October 25, 2019 application filed in this docket is hereby granted, and a Certificate of Public Convenience and Necessity is issued, pursuant to ALA. CODE §37-2-4 (1975 as amended), to 3CM Alabama authorizing the acquisition, ownership and operation for the natural gas gathering and transmission facilities of

SAP and the provision of service to customers along the System for hire, on a contract-by-contract basis.

**IT IS FURTHER ORDERED** that approval is granted for the assumption by 3CM Alabama of those service contracts identified in Exhibit "E" to the October 25, 2019 application filed in this docket, as well as to the contract filed with the Commission by SAP on November 4, 2019 in Docket U-5322.

**IT IS FURTHER ORDERED** that 3CM Alabama shall provide the Commission with written notice of the closing of the acquisition of the System as authorized in this Order within fifteen (15) days thereof.

**IT IS FURTHER ORDERED** that 3CM Alabama shall file Annual Reports consisting of financial statements on forms provided by the Commission and shall maintain adequate books of account and financial records in accordance with generally accepted accounting principles and the rules and regulations promulgated by the Commission.

**IT IS FURTHER ORDERED** that jurisdiction in this cause is hereby retained for any further order or orders as this Commission may find just and reasonable in the premises.

**IT IS FURTHER ORDERED** that this Order shall be effective as of the date hereof.

**DONE** at Montgomery, Alabama, this 9th day of December, 2019.

ALABAMA PUBLIC SERVICE COMMISSION



Twinkle Andress Cavanaugh, President

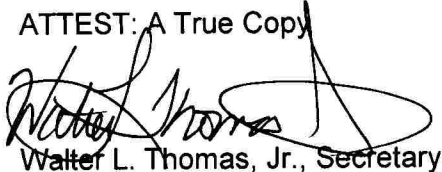


Jeremy H. Oden, Commissioner



Chris "Chip" Beeker, Jr., Commissioner

ATTEST: A True Copy



Walter L. Thomas, Jr., Secretary