

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

Equitrans, L.P.

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Docket No. CP15-\_\_\_\_-000

**ABBREVIATED APPLICATION OF EQUITRANS, L.P.  
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

Pursuant to Section 7(c) of the Natural Gas Act (“NGA”), 15 U.S.C. § 717f(c), and Part 157, Subpart A of the regulations of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. Part 157, Subpart A (2014), Equitrans, L.P. (“Equitrans” or “Applicant”) hereby submits this abbreviated application (“Application”) for a certificate of public convenience and necessity authorizing Equitrans to construct certain pipeline and compression facilities located in West Virginia and Ohio (“Ohio Valley Connector Project” or “Project”) and to own, operate and maintain the Project’s facilities under its Subpart G blanket transportation certificate pursuant to the terms and conditions of Equitrans’ FERC Gas Tariff (“Tariff”). As proposed more fully herein, Equitrans requests authorization to construct facilities that will allow it to provide up to 850,000 dekatherms per day (“Dth/day”) of additional firm transportation service to enable producers to move new gas volumes to expanding mid-continent and Gulf Coast markets.

The Ohio Valley Connector Project includes construction of both pipeline and compression facilities. Specifically, Equitrans proposes to construct and operate: (1) approximately 35.3 miles of 30-inch diameter greenfield pipeline; (2) a new compressor station consisting of two centrifugal compressors driven by gas turbine engines providing approximately 21,000 horsepower (“HP”); (3) an approximately 14.0 mile 24-inch diameter loop of a portion of its existing Mainline System; (4) a new compressor station consisting of one centrifugal

compressor driven by a gas turbine engine providing approximately 15,000 HP and the associated discharge pipeline; and (5) interconnections, mainline block valves, launchers and receivers, control systems, and other facilities at aboveground sites, all in the states of West Virginia and Ohio. The Ohio Valley Connector Project will provide tie-ins with Rockies Express Pipeline, LLC (“REX”), Texas Eastern Transmission, LP (“TETCO”), and existing Equitrans Mainline and Sunrise Transmission System facilities. The estimated cost of these facilities will be approximately \$415,502,000 as detailed in Exhibit K. As noted below, Equitrans proposes to create a separate rate zone for the Project. The AFUDC included in Exhibit K for the Ohio Valley Connector Project is calculated in accordance with the Commission’s AFUDC policy, with accruals beginning in July 2014. In accordance with that policy, Equitrans affirms that it began to incur capital expenditures for the Project on that date and that activities necessary to prepare the Project for its intended use were in progress at that time.

As explained in detail herein, the Ohio Valley Connector Project offers substantial benefit to producers in the central Appalachian Basin so that they may move their gas into the interstate pipeline grid. Equitrans’ existing natural gas pipeline system in the central Appalachian region overlies areas of production in northern West Virginia and southwestern Pennsylvania, putting it in a unique position to accommodate the increased gas production in an efficient, cost effective manner that minimizes duplication of facilities and environmental impacts. To meet the prospective shippers’ request for service to commence by June 2016, Equitrans desires to commence construction of the Ohio Valley Connector by August 2015. Equitrans therefore respectfully requests the issuance of the certificate of public convenience and necessity requested herein no later than July 1, 2015. Equitrans also requests that the

Commission grant such waivers as may be required to allow for the construction to commence as proposed.

In support of the Application, Equitrans submits as follows:

## **I. DESCRIPTION OF EQUITRANS**

The exact legal name of the Applicant is Equitrans, L.P. Equitrans is a Pennsylvania limited partnership that owns and operates an interstate natural gas pipeline system subject to the jurisdiction of the Commission pursuant to the NGA. Equitrans is currently owned ninety-seven and one-quarter percent (97.25%) by Equitrans Investments, LLC, a subsidiary of EQT Midstream Partners, L.P., and two and three-quarters percent (2.75%) by Equitrans Services, LLC, also a subsidiary of EQT Midstream Partners, LP. Equitrans' principal office is located at 625 Liberty Avenue, Suite 1700, Pittsburgh, Pennsylvania 15222-3111, and it is authorized to do business in Pennsylvania, West Virginia, and Ohio.

Equitrans is a "natural-gas company" within the definition of Section 2(6) of the NGA, 15 U.S.C. § 717a(6), and is engaged in the business of gathering, storing, and transporting natural gas in interstate commerce subject to the jurisdiction of the Commission. Equitrans' Mainline and Sunrise Transmission Systems are located in northern West Virginia and southwestern Pennsylvania. Equitrans provides open-access transportation service under its Subpart G blanket transportation certificate, including service to local distribution companies serving the City of Pittsburgh and surrounding areas, pursuant to the rates, terms, and conditions set forth in its Tariff.

## II. CORRESPONDENCE AND COMMUNICATIONS

Communications and correspondence regarding this application should be directed to:

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## III. DESCRIPTION OF PROPOSAL

### A. Background:

Located in Northern West Virginia and Southwestern Pennsylvania, in the central Appalachian Basin, Equitrans' existing natural gas pipeline system is uniquely positioned to address infrastructure constraints associated with the rapid development of natural gas from this area. The addition of the Ohio Valley Connector Project will efficiently leverage Equitrans' existing pipeline infrastructure to provide take-away capacity for natural gas producers with developing positions in the central Appalachian Basin. Through receipt points on Equitrans' existing system, producers in the region will use the Ohio Valley Connector Project to deliver gas to other interconnecting pipelines, thus providing access to regional markets and throughout the mid-continent and Gulf Coast markets.

The Ohio Valley Connector Project is designed to help meet the growing demand for natural gas in the mid-continent and Gulf Coast markets by providing a timely, cost effective, and environmentally responsible option for transportation capacity for these new supplies that

will ultimately be delivered to homes, businesses, industries, and power plants. To accommodate new firm service requests, Equitrans proposes to construct and operate the following facilities. Exhibits F and F-1 provide more detailed descriptions of the facilities and the construction techniques.

## **B. Proposed Facilities**

Equitrans is proposing to construct the following pipeline and compression facilities (“Project Facilities”):

### Interstate Pipeline Facilities

- (1) H-310 – The H-310 pipeline will deliver gas from Equitrans’ Sunrise Transmission System to the proposed Plasma Compressor Station (“CS”). It is expected to be designed as approximately 34.1 miles of 30-inch-diameter pipeline with a 1,480 pounds per square inch gauge (“psig”) Maximum Allowable Operating Pressure (“MAOP”). The pipeline will generally run southeast to northwest with approximately 23.0 miles in Wetzel County, WV, 7.6 miles in Marshall County, WV, and 3.5 miles in Monroe County, OH where it terminates at the proposed Plasma CS. The H-310 pipeline is proposed to cross the Ohio River via a horizontal directional drill (“HDD”). The pipeline will have a pigging facility, measurement, and a mainline valve (“MLV”) at the southeastern terminus, a pigging facility and MLV at the northwestern terminus at the Plasma CS, and three additional MLVs installed.
- (2) H-311 – The H-311 pipeline will serve as the discharge line from the proposed Plasma CS in Monroe County, OH and terminates near Powhatan Point, OH, northwest of Clarington, OH. It is approximately 1.2 miles of 30-inch-diameter

pipeline with a 1,600 psig MAOP. The H-311 pipeline will move gas from the Plasma CS for delivery to the REX interconnect. The pipeline will have a pigging facility and MLV at the southeastern terminus at the Plasma CS and a pigging facility at the northwestern terminus at the interconnection with REX.

(3) H-313 – The proposed H-313 pipeline will operate as a mainline loop and deliver gas from receipt points on Equitrans’ Mainline System to the proposed Corona CS. The H-313 pipeline is designed as approximately 14.0 miles of 24-inch-diameter pipeline with a 1,440 psig MAOP and is anticipated to follow existing corridors for Equitrans’ GSF-993 and GSF-912 pipelines. The pipeline will generally run south to west with approximately 12.7 miles in Marion County, WV and approximately 1.2 miles in Wetzel County, WV. The pipeline will have a pigging facility, measurement, and a MLV at the southeastern terminus, a pigging facility and MLV at the northwestern terminus at the Corona CS, and one additional MLV installed.

(4) H-306 Extension – The H-306 Extension will serve as the discharge line from the Corona CS in Wetzel County, WV. It will run from the outlet of the Corona CS to a tie-in with Equitrans’ existing H-306 pipeline within Equitrans’ existing Pickenpaw metering station. The H-306 pipeline is approximately 0.6 miles of 16-inch-diameter pipeline with a 1,440 psig MAOP. As part of this Project, the existing pigging facility at the Pickenpaw metering station will be replaced with a straight section of pipeline and necessary valve connections, and it will be relocated to the eastern terminus of the H-306 Extension within the Corona CS lot along with a new MLV.

Minimal disturbance would occur outside of the Pickenpaw metering station as a result of the pigging facility relocation. A barred tee will be installed at the point where the H-306 extension begins. This will create a lateral pipeline into the existing Pickenpaw Station while maintaining piggability on the H-306 mainline.

- (5) H-314 – The proposed H-314 pipeline will serve as the discharge line from the proposed TETCO Interconnect located at the Plasma CS in Monroe County, OH to the physical tap location for the TETCO pipelines. It is approximately 0.2 miles of 20-inch-diameter pipeline with a 1,000 psig MAOP. The H-314 pipeline will transport gas from the Plasma CS for delivery to the TETCO pipelines. The pipeline will have a pigging facility at each terminus and will be constructed per TETCO standards. The proposed route follows the H-311 pipeline.

#### Compressor Stations

- (1) Plasma Compressor Station and Interconnect – The Plasma CS is proposed to be constructed in Monroe County, OH and will transport gas from the H-310 pipeline origin point in West Virginia to an interconnect with REX approximately 1.2 miles to the north and to the TETCO transmission pipelines located on the adjacent site. The CS is proposed to be 21,000 nominal HP, consisting of two centrifugal compressors driven by gas turbine engines. The compression equipment will include gas and oil coolers, combustion air intake, combustion exhaust, emergency shutdown, and typical auxiliary systems. The compressors will be enclosed by a sound attenuating building. Its proposed capacity is approximately 800 MMcfd, based on suction and discharge pressure design

conditions. Typical filtration, metering, pressure regulation, fuel gas conditioning, and ancillary equipment will also be installed. The site will include a motor control center building and combined temporary office and storage space. The final discharge will include an over pressure protection valve setting to safely deliver gas to the TETCO interconnect outlet. The REX outlet will be constructed at a higher MAOP and will not require over pressure protection.

In addition to the compressors, an interconnect with TETCO is also proposed at the Plasma CS. The new TETCO interconnect is proposed to include two meter runs and two flow control/pressure control runs that will be enclosed in TETCO-specified buildings, filter separators, pigging facilities, and other associated aboveground equipment. Two enclosures will be constructed to house electronic gas measurement equipment. The interconnect will be located on the same pad as the Plasma CS and separated by fencing; the H-314 pipeline, approximately 0.2 mile in length, will be constructed to the TETCO transmission pipelines nearby.

- (2) Corona Compressor Station – The Corona CS is proposed to be constructed in Wetzel County, WV and will transport gas from the proposed H-313 pipeline to the proposed H-306 Extension, which will tie into the existing H-306 pipeline at the Pickenpaw meter station. Equitrans estimates the station will have a nominal HP of 15,000 and consist of one centrifugal compressor driven by a gas turbine engine. The compressor equipment will include gas and oil coolers, combustion air intake, combustion exhaust, emergency shutdown, and typical auxiliary systems. The compressor will be enclosed by a sound attenuating building. The



CS capacity is currently estimated to be 250 MMcfd, based on suction and discharge pressure design conditions. Typical filtration, metering, pressure regulation, fuel gas conditioning, and ancillary equipment will also be installed. The site will include a motor control center building and combined temporary office and storage space.

### Interconnection Facilities

The Ohio Valley Connector Project will have a total of four interconnections. Measurement interconnects will be located at the H-302 and H-310 intersection and also at the H-557 and H-313 intersection. Additionally, interconnects with REX and TETCO will be located near the Plasma Compressor Station, as described above.

### **C. Project Need and Market Demand**

Experts predict that the central Appalachian Basin will be a prolific gas producing region for years to come.<sup>1</sup> A Morningstar Energy Observer report projects that Marcellus Shale volumes will increase to between 17 and 20 billion cubic feet of natural gas per day by 2020.<sup>2</sup> The U.S. Energy Information Administration predicts in its Annual Energy Outlook for 2014 that production from Marcellus Shale will be up to 5.0 trillion cubic feet of gas per year by 2022.<sup>3</sup> This rapid development has caused and will continue to cause significant infrastructure constraints. Equitrans' existing natural gas pipeline system is located in northern West Virginia and southwestern Pennsylvania, in the central Appalachian Basin, and therefore is uniquely

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<sup>1</sup> Timothy J. Considine, Robert Watson & Seth Blumsack, The Pennsylvania State University, College of Earth & Mineral Sciences, Department of Energy & Mineral Engineering, *The Pennsylvania Marcellus Natural Gas Industry: Statistics, Economic Impacts and Future Potential* (July 20, 2011), at 4 (“The Marcellus Shale . . . will likely play a significant role in the future as the U.S. economy seeks to expand domestic energy resources. The projections below envision a very significant expansion in Marcellus production in the years ahead.”).

<sup>2</sup> Morningstar, *Energy Observer* (February 2014) at 18.

<sup>3</sup> U.S. Energy Information Administration, *Annual Energy Outlook 2014*, April 2014, at MT-25.

positioned to address the increasing demand for transportation and storage infrastructure in the region. Equitrans' construction and operation of the Project Facilities will provide the Equitrans system with additional flexibility and capacity to better serve shippers and producers in the region.

#### **D. Procedural History**

Equitrans conducted a non-binding open season for additional firm transportation from January 28, 2014 to March 27, 2014, to provide all market participants, whether producers, marketers, or local distribution companies, the opportunity to identify transmission capacity needs at existing or new receipt points on the existing Mainline and Sunrise Transmission Systems and any proposed pipeline receipt laterals with deliveries to the new interconnects with REX or TETCO in Monroe County, Ohio.<sup>4</sup> Following the open season, Equitrans continued to market its system expansion and began to negotiate with prospective shippers. Ultimately, Equitrans executed a precedent agreement for a long term negotiated rate service agreement with a shipper for up to 650,000 Dth/day of firm transportation service on the Ohio Valley Connector. Of these volumes, 140,000 Dth/day are expected to be transported through the proposed loop of the Mainline System and be compressed by the Corona Compressor Station. Upon Commission approval of the Ohio Valley Connector Project, Equitrans and the shipper will enter into a binding firm transportation agreement at negotiated rates for the subscribed capacity.

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<sup>4</sup> A reverse open season was not necessary because the proposed interconnects with REX and TETCO provide incremental deliverability off of Equitrans' transmission system and require the construction of a new greenfield pipeline. Equitrans' transmission system is currently not capable of delivering gas to the proposed interconnects with REX and TETCO, and consequently no shipper holds capacity that could be turned back if a reverse open season were held. *See National Fuel Gas Supply Corp. and Tennessee Gas Pipeline Co.*, 137 FERC ¶ 61,054 at P 9 (2011).

Equitrans has sized the Ohio Valley Connector Project based on the projections for the rapid and continued development of production in the central Appalachian Basin. Specifically, Equitrans has a signed commitment for 650,000 Dth/day of firm transportation capacity, out of the Ohio Valley Connector Project's design capacity of 850,000 Dth/day. Equitrans continues to market the unsubscribed capacity and to work with producers drilling in and around its pipeline assets. The rates for the Ohio Valley Connector Project have been designed on the assumption that the Project will be fully subscribed, such that Equitrans will bear the risk of recovering the Project's costs if it is not fully subscribed. With the negotiated rate service agreement in place, construction of the Ohio Valley Connector Project will provide natural gas producers with a timely, economic, and environmentally responsible solution to the need for incremental pipeline capacity in northern West Virginia and Ohio.

On June 12, 2014, Equitrans requested Commission authorization to initiate pre-filing procedures under the Commission's regulations.<sup>5</sup> The Commission approved this request in Docket No. PF14-13-000 on June 20, 2014. Since that time, Equitrans has been engaged in a collaborative process with Commission staff, landowners, state and local agencies, and other interested stakeholders to provide input and consultation. The results of this process are reflected in the instant Application and are discussed more fully below. For purposes of meeting the growing transportation demand of the central Appalachian Basin, it is critical that Equitrans' Ohio Valley Connector Project be approved on a timely basis consistent with the schedule adopted in Docket No. PF14-13-000.

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<sup>5</sup> 18 C.F.R. § 157.21

#### **IV. CERTIFICATE POLICY STATEMENT AND PUBLIC CONVENIENCE AND NECESSITY**

The Commission's 1999 Policy Statement regarding new facilities construction, issued in Docket No. PL99-3,<sup>6</sup> established 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 of the project against the project's potential adverse consequences.<sup>7</sup> The stated goal is to give appropriate consideration to the enhancement of competitive transportation alternatives, the possibility of overbuilding, prevention of 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.<sup>8</sup> Once an applicant demonstrates that the benefits to be achieved by the project will outweigh the potential adverse impacts, the Commission will find that the project is required by the public convenience and necessity. As demonstrated herein, the Application is consistent with the criteria of the Certificate Policy Statement, is in the public interest, and is required by the public convenience and necessity.

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<sup>6</sup> *Certification of New Interstate Natural Gas Pipeline Facilities*, 88 FERC ¶61,227 (1999), *Order on Clarification*, 90 FERC ¶61,128 (2000), *Order on Clarification*, 92 FERC ¶61,094 (2000) ("Certificate Policy Statement").

<sup>7</sup> *Texas Eastern Transmission Corporation, LP*, 114 FERC ¶61,185 (2006).

<sup>8</sup> *Texas Eastern Transmission Corporation, LP*, 114 FERC ¶61,185 (2006).

### **A. The Ohio Valley Connector Project Provides Significant Benefits and Serves the Public Interest**

The Ohio Valley Connector Project serves the public interest by answering a demonstrated need for additional transportation capacity to move gas supplies to consumers from the production fields in the central Appalachian Basin region of Pennsylvania and West Virginia into the interstate pipeline grid. Equitrans' existing natural gas pipeline system is uniquely positioned in the central Appalachian region to accommodate increased gas production and to deliver that production to interstate systems that can access markets in the mid-continent and Gulf Coast regions, as its pipelines overlie areas of production in northern West Virginia and southwestern Pennsylvania.

The Ohio Valley Connector Project will provide two new delivery interconnects that will allow shippers to nominate firm transportation service to REX and TETCO. In addition, the proposed interconnect with Equitrans systems will provide for efficient utilization of the Equitrans Transmission Systems.

In sum, the Ohio Valley Connector Project will enhance producers' market diversity by extending into Ohio to provide timely, cost-effective access to expanding mid-continent and Gulf Coast markets. Accordingly, the instant proposal is in the public convenience and necessity.

#### **1. The Proposal Satisfies the Threshold “No Subsidy” Requirement.**

Under the Commission's Certificate Policy Statement, 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 its existing customers.<sup>9</sup> This Application meets this requirement. None of the costs of the Ohio Valley Connector Project are included in any of

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<sup>9</sup> *Equitrans, L.P.*, 139 FERC ¶ 61,205, at P 17 (2012).

Equitrans' currently effective rates. Rather, the construction, maintenance and operation costs associated with the Ohio Valley Connector Project are reflected in the new zone rate established for transportation on these proposed facilities.

Equitrans has entered into a binding precedent agreement with a shipper for 650,000 Dth/day of firm transportation capacity on the Ohio Valley Connector for a primary term of twenty years at negotiated rates. Upon approval of the Ohio Valley Connector Project and prior to the in-service date, Equitrans will enter into a firm transportation agreement for the subscribed capacity. The amount of capacity subscribed represents seventy-six (76) percent of the proposed capacity for the Ohio Valley Connector Project. Based on the production forecast for the central Appalachian Basin, Equitrans is confident that there will be adequate gas supply and shipper demand to justify the construction of the proposed, currently unsubscribed, take-away capacity. The construction of the proposed capacity in one project is environmentally preferable to multiple smaller projects. Moreover, it is also economically more efficient to build the additional, currently unsubscribed capacity at this time rather than use smaller diameter pipe and then loop it or add compression in future years as production ramps up. Equitrans will be entirely at risk for costs of any unused capacity. Thus, the Ohio Valley Connector Project is financially viable without relying on subsidies from existing Equitrans shippers.

**2. The Ohio Valley Connector Will Have No Adverse Impact on Existing Customers, on Existing Pipelines and Their Captive Customers, or on the Environment.**

Consistent with the Certificate Policy Statement, the Ohio Valley Connector Project will have no adverse effect on either the rates or the quality of service to existing customers on Equitrans' system. If anything, service to existing customers will be enhanced by providing access to alternate markets. The additional facilities, throughput, line pack and interconnects

will all enhance the operational reliability and flexibility of the entire system. In addition, existing customers may benefit from nominating on a secondary basis to the new delivery points. Equitrans is proposing a new rate zone with firm and interruptible transportation rates as the recourse rates for the facilities. As a result, there will be no adverse rate impact to Equitrans' current customers.

The Ohio Valley Connector Project will not adversely affect other existing pipelines or their captive customers, nor will the Project adversely affect competition. Equitrans' proposed facilities will enhance competition by creating incremental capacity, and will provide producers in the central Appalachian Basin region with an additional outlet for their gas production. Further, the Project is designed in part to increase deliveries to other interstate pipelines (REX and TETCO), thereby providing customers on those pipelines with access to new sources of natural gas.

Finally, as discussed more fully below in Section V and in the accompanying environmental resource reports attached as Exhibit F-1, the Ohio Valley Connector Project has been designed to minimize the impact on landowners and the environment. The Project was routed to utilize existing utility and road rights-of-way to the maximum extent practicable, crosses through minimal existing or planned residential areas, and the new compressor stations will be constructed on lands purchased for the Project and owned by Equitrans. Equitrans will acquire rights-of-way from private landowners through good faith negotiations wherever possible, and intends to work cooperatively with all affected landowners to address concerns they may have.

In summary, Equitrans has configured the proposed facilities for the Ohio Valley Connector Project to result in a project that both minimizes the disturbance to the environment

and to landowners, and maximizes economic efficiencies. Any residual impacts of the Project are anticipated to be minimal and far outweighed by the need for the proposed facilities. The Project has been proposed in response to significant demand and to provide producers in the central Appalachian Basin region with an outlet to get their supplies to the marketplace. In light of the resulting substantial benefits and demonstrated market need, the Ohio Valley Connector Project satisfies the requirements of the Certificate Policy Statement and should be approved as required by the present and future public convenience and necessity.

## **V. ENVIRONMENTAL IMPACT**

In April 2014, Equitrans began contacting federal and state natural and cultural resource agencies and other stakeholders, including state and local governmental entities, having an interest in the Ohio Valley Connector Project. These initial communications included a brief overview of the Ohio Valley Connector Project and a request for information regarding the applicable permitting and regulatory requisites. On June 12, 2014, Equitrans requested Commission authorization to initiate procedures under the Commission's pre-filing regulations. The Commission approved this request on June 20, 2014 in Docket No. PF14-13-000. Throughout this period, Equitrans held numerous public meetings and open houses with the public agencies, landowners and government officials regarding the Project, soliciting their input.

The Commission subsequently issued its "Notice Of Intent To Prepare An Environmental Assessment For The Planned Ohio Valley Connector Project and Request For Comments On Environmental Issues" on August 29, 2014 ("NOI"). The NOI was published in the Federal Register and was also mailed to all interested parties including federal, state, and local agencies and officials; conservation organizations; Native American groups; local libraries and



newspapers; participants in the Commission's pre-filing proceeding; and property owners affected by the proposed facilities. The Commission requested public comments on the scope of the issues to evaluate and address in the Environment Assessment; the scoping closed on September 29, 2014. In addition, Equitrans has developed and implemented a website about the Ohio Valley Connector Project at <http://ohiovalleyconnector.com/>; the website provides stakeholders with further information on the Project.

During the pendency of Docket No. PF14-13-000, Equitrans has engaged in an extensive outreach program and has submitted draft resource reports to the Commission, incorporated comments and suggestions from Commission staff and project stakeholders into the final resource reports contained in Exhibit F-1, and continued to correspond and conduct meetings with the project stakeholders. As part of the pre-filing review process, Equitrans has worked diligently to ensure that feedback from all interested parties has been reflected in the route selection and in this application. By working in this collaborative fashion, Equitrans sought to ensure that its proposed route would have minimal impact on landowners, communities, and the environment.

The Environmental Report attached hereto as Exhibit F-1 more fully describes potential impacts of the Ohio Valley Connector Project and Equitrans' proposals to mitigate those environmental impacts. The information in Exhibit F-1 has been prepared in accordance with Part 380 of the Commission's regulations and meets the requirements necessary for the Commission staff to perform its environmental analysis. Those resource reports demonstrate that (1) the Ohio Valley Connector Project is not expected to result in any significant adverse impact on the environment; (2) all impacts can be avoided or, where unavoidable, can be adequately mitigated; (3) the proposed route is the best of those evaluated; (4) the Ohio Valley

Connector's short-term use of the environment will not conflict with the long-term productivity of the environment; and (5) resources will not be irreversibly or irretrievably lost due to the construction activities. The Ohio Valley Connector Project will be constructed in accordance with applicable environmental regulations, and approval of the proposal will not be a major federal action significantly affecting the quality of the human environment.

Equitrans has considered the potential for waste heat recovery at the Plasma and Corona Compressor Stations, and has concluded the concept is not economically feasible at this time. As noted more fully in Resource Report 9, Section 9.2.5, the opportunities for waste heat recovery are limited to building HVAC and fuel gas condition systems. Site buildings include the compressor building, the motor control center, the air system room, and office and storage buildings. The compressor building is ventilated and does not include or require heating. The motor control center equipment generates substantial heat and primarily requires cooling. The air system room is ventilated and does not include or require heating. The office building is limited to 175 square feet, and the storage building is unheated. Based on the need to heat an office space of 175 square feet, waste heat recovery cannot be justified.

In addition to the general public and governmental agency outreach efforts discussed above, Equitrans has been engaged in pre-filing discussions with various federal, state and permitting agencies and other entities to advise them of the Ohio Valley Connector Project, solicit their input, and commence the permitting application processes for authorizations required by other federal statutes. A list of all the federal, state and local agencies with whom Equitrans has consulted is contained in Resource Report 1. In addition, pursuant to the Commission's regulation requiring identification of all federal authorizations applicable to the Ohio Valley

Connector Project, Equitrans submits a list of such required authorizations, as well as the related information required by 18 CFR § 157.14(a)(12) in Exhibit J, attached hereto.

## **VI. RATES**

Equitrans is proposing to establish a separate rate zone for transmission services on the Project Facilities, as explained in Exhibit P. As designed, the recourse rates for this new rate zone will not affect any other Equitrans customer and will ensure that those who use the Project Facilities pay for them. Equitrans has designed the recourse rates, utilizing the straight-fixed variable method, based on the full design capacity of the assets, thus accepting the financial risks associated with the unsubscribed capacity on the Project, and has included a credit to the cost of service to reflect potential interruptible transportation revenues consistent with the Commission's general policy.<sup>10</sup>

For service on the Project Facilities, Equitrans is proposing a monthly reservation recourse rate for firm transportation service ("FTS") of \$9.4837 per Dth, and for interruptible transportation service ("ITS") of \$0.3118 per Dth calculated on a 100 percent load factor basis.

The recourse rates for the Project Facilities were developed based on an annual incremental cost of service of \$96.7 million, which incorporates the capital structure and the pre-tax return of 15 percent, which was established in Equitrans' last rate case and accepted for use in setting recourse rates for the Allegheny Valley Connector Project in 2013.

In addition, Equitrans will implement an Ohio Valley Connector retainage factor to track and recover actual experienced fuel and lost and unaccounted for gas. The initial posted

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<sup>10</sup> *Transcontinental Gas Pipe Line Corp., LLC*, 130 FERC ¶ 61,019, at P 21 (2010).

Retainage Factor will be 2.0 percent and will be adjusted annually to reflect actual experienced fuel and lost and unaccounted for gas.

Establishing a separate rate zone for the Project Facilities is consistent with Commission policy because (1) it protects existing customers from subsidizing costs of the asset; (2) the Year 1 rate base associated with the Ohio Valley Connector Project is \$396 million compared to Equitrans' Mainline and Sunrise existing rate base of approximately \$854 million; (3) it ensures that Equitrans, not its existing customers, is at risk if the Project's shippers do not re-contract for capacity at the expiration of their service agreements or the Project does not generate enough revenue to cover the annual cost of service; and (4) it ensures that only those customers that use the Project will pay for the facilities. Additionally, because the Project Facilities enable shippers to access markets which are currently not accessible from Equitrans' Mainline and Sunrise Systems, establishing the new rate zone for the Ohio Valley Connector for shippers desiring to utilize these proposed new delivery points is appropriate.

Consistent with Commission policy, Equitrans will maintain a separate record of capital costs for the Project Facilities in its books and accounts. Workpapers detailing the computation underlying the proposed new rates are attached hereto in Exhibit P.

## VII. TARIFF

Included in Exhibit P are *pro forma* tariff sheets revising Equitrans' FERC Gas Tariff to include rate provisions for the Project Facilities subject to this Application. The General Terms and Conditions of Equitrans' Tariff will be generally applicable to the Project Facilities, subject to the below-described tariff modifications<sup>11</sup>:

Sections 4.1, 4.2, and 4.4 were updated to include the new rates applicable for service on the Ohio Valley Connector.

Section 4.5 establishes retainage factors applicable to transmission services on the Ohio Valley Connector.

Sections 5.2 and 5.3 were updated to reflect the offering of service under Rate Schedules FTS and ITS, respectively, on the Project Facilities.

Section 6.1 is updated to include a definition of the Project Facilities and, as matter of administrative clean-up, to add a period to the end of the sentence defining the Allegheny Valley Connector.

Section 6.7 was updated to specify that all firm transportation Customers receiving firm transportation service pursuant to Part 284 are permitted to nominate service on a secondary basis at all receipt and delivery points on Equitrans' Transmission System to the extent that such service is provided on that rate zone. However, to the extent that Customers nominate to a secondary point within a different rate zone, Customers will also pay the applicable rates for service on the Project Facilities, Mainline System or Sunrise Transmission System, and/or

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<sup>11</sup> Due to the issuance of Order No. 801 (149 FERC ¶ 61,133 (2014)), which will become effective prior to in-service date of the Project Facilities, Equitrans has not included an update to the tariff maps in its *pro forma* tariff changes to reflect the addition of the proposed new Ohio Valley Connector Rate Zone. In accordance with Order No. 801, Equitrans will incorporate the Project Facilities into its online map by no later than the end of the next calendar quarter after the Project Facilities are placed into service.

Allegheny Valley Connector; any volumes that are transported from the Allegheny Valley Connector to the Project Facilities or vice versa will also be transported through the Mainline and Sunrise Transmission System rate zone.

Section 6.12 clarifies that imbalances within a rate zone cannot be netted or traded against imbalances within a separate rate zone.

Section 6.31 allows for retainage for service provided on the Project Facilities. Equitrans will track the actual experience fuel and lost and unaccounted for gas, with true-up volumes resolved via an imbalance point on the Project Facilities. Under the proposed tariff, Equitrans will adjust the stated Ohio Valley Connector Transportation Retainage Factor on an annual basis to more accurately reflect actual experienced fuel and lost and unaccounted for gas on the Project Facilities. However, in no event will the Ohio Valley Connector retainage factors be less than zero.

Section 7.2.1, 7.3.1, 7.7.1, and 7.10.1 were modified to allow for service under Rate Schedules FTS, ITS, LPS, and PS to be provided on the Project Facilities.

## **VIII. MISCELLANEOUS**

A form of notice of this Application suitable for publication in the *Federal Register*, in accordance with the specifications in 18 C.F.R. § 385.203(d), is attached hereto.

Aside from the authorizations listed in Attachment J, Equitrans is aware of no related application with any other federal, state, or regulatory body needed to supplement or effectuate the Ohio Valley Connector Project. Equitrans will make a good faith effort to notify all affected landowners of this Application in accordance with the requirements set forth in 18. C.F.R. § 157.6(d).

**IX. ABBREVIATED APPLICATION**

This Application is abbreviated pursuant to Section 157.7 of the Commission’s Regulations, and thus contains only the data required to disclose fully the nature and extent of the proposed action. Equitrans respectfully submits that the data and information contained herein are sufficient to provide the Commission with a full and complete understanding of Equitrans’ requested authorization. To the extent that this Application does not contain every submission required by Commission regulations, Equitrans respectfully request waiver of the Commission’s regulations.

**X. TABLE OF CONTENTS OF REQUIRED EXHIBITS**

Pursuant to the rules for abbreviated applications under the Commission’s Regulations, 18 C.F.R. § 157.7, the following exhibits are attached hereto or omitted for the stated reasons:

**Exhibit A**

**Articles of Incorporation and Bylaws**

The “Second Amended and Restated Limited Partnership Agreement” for Equitrans dated July 31, 2008 is incorporated herein by reference to Exhibit A in Docket No. CP11-43-000.

**Exhibit B**

**State Authorizations**

Equitrans’ Certificate of Limited Partnership in West Virginia is incorporated herein by reference to Exhibit B in Docket No. CP96-532. A copy of Equitrans’ authorization to conduct business in the State of Ohio is attached.

**Exhibit C**

**Company Officials**

Attached hereto.

**Exhibit D**

**Subsidiaries and Affiliation**

Omitted. As of the date of this Application, neither Equitrans nor any of its officers directly or indirectly owns, controls, or holds with power to vote 10 percent or more of the outstanding voting securities of any other person or group engaged in the production, transportation, storage, distribution, or sale of natural gas or of any person or group engaged in the financing of such enterprises.

**Exhibit E**

**Other Pending Applications and Filings**

None.

**Exhibit F**

**Location of Facilities**

Attached hereto.

**Exhibit F-I**

**Environmental Report**

Attached in Volume 2.

**Exhibit G**

**Flow Diagrams Showing Daily Design Capacity and Reflecting Operation With and Without Proposed Facilities Added**

Attached in Volume 3 and designated as **Contains Critical Energy Infrastructure Information – Do Not Release.**

**Exhibit G-I**

**Flow diagrams Reflecting Maximum Capabilities**

Attached in Volume 3 and designated as **Contains Critical Energy Infrastructure Information – Do Not Release.**

**Exhibit G-II**

**Flow Diagram Data**

Attached in Volume 3 and designated as **Contains Critical Energy Infrastructure Information – Do Not Release.**



<b><u>Exhibit H</u></b>	<b><u>Total Gas Supply Data</u></b>	Omitted. The Project shippers will be responsible for providing and arranging their own sources of gas supply.
<b><u>Exhibit I</u></b>	<b><u>Market Data</u></b>	A copy of the executed precedent agreement with the Project shipper is submitted in Volume 4 and designated as <b>Privileged Information – Do Not Release</b> .
<b><u>Exhibit J</u></b>	<b><u>Federal Authorizations</u></b>	Attached hereto.
<b><u>Exhibit K</u></b>	<b><u>Cost of Facilities</u></b>	Attached hereto.
<b><u>Exhibit L</u></b>	<b><u>Financing</u></b>	Omitted. Equitrans will finance the cost of the Ohio Valley Connector Facilities through funds on hand and borrowings under short-term financing arrangements with EQT Midstream Partners.
<b><u>Exhibit M</u></b>	<b><u>Construction, Operation, and Management</u></b>	Omitted. Equitrans will construct, manage and operate the proposed pipeline or cause the same to occur.
<b><u>Exhibit N</u></b>	<b><u>Revenues, Expenses, Income</u></b>	Attached hereto.
<b><u>Exhibit O</u></b>	<b><u>Depreciation and Depletion</u></b>	Omitted. Equitrans is proposing to use a depreciation rate of 5.00%, based on an estimated useful life of 20 years for the Project’s Facilities to match the life of the precedent agreement.

**Exhibit P**            Tariff

Attached hereto.

**Exhibit Z-1**        Notice

Attached hereto.

## **XI. REQUEST FOR SHORTENED PROCEDURES**

Equitrans requests that this Application be processed pursuant to a shortened procedure in accordance with §§ 157.6(c) and 385.802 of the Commission's Regulations. As demonstrated above, approval of the authorization requested in this Application will not result in any adverse effects on Equitrans' transportation service to existing customers. Approving the requested acquisition on an expedited basis will have no adverse effects and will serve the public interest. Given the nature of the authorizations requested, Equitrans respectfully requests that the Commission issue the approvals requested in this Application by July 1, 2015.

## **XII. CONCLUSION**

For the foregoing reasons, Equitrans respectfully requests that the Commission accept this Application for filing and issue, without condition or modification, a final order by July 1, 2015 granting to Equitrans the requested certificate of public convenience and necessity as set forth in this Application.



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Dated: December 19, 2014