
**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)
Generation Pipeline LLC for Authority to) Case No. 16-0065-GA-AIS
Issue Long-Term Debt)

APPLICATION FOR AUTHORITY TO ENTER INTO LONG-TERM DEBT

Now comes the Applicant, Generation Pipeline LLC (“Generation Pipeline” or the “Applicant”), which files this Application pursuant to Sections 4905.40 -- .42, Revised Code for authority to issue long-term debt in the aggregate principal amount of up to \$33,500,000. In support of its application, Generation Pipeline respectfully states as follows:

1. Generation Pipeline is an Ohio limited liability corporation that is registered to do business in Ohio by the Ohio Secretary of State’s Office (see Exhibit A) and as of this filing date is a direct and wholly owned subsidiary of North Coast Gas Transmission LLC (“North Coast”).

2. On March 30, 2004, in Case No. 04-265-PL-ATA, the Public Utilities Commission of Ohio (“Commission”) authorized North Coast to operate as an intrastate pipeline company in Ohio subject to the Commission's regulation.

3. North Coast owns the rights to the Toledo-Marion 6-inch Pipeline, Buckeye 425 Pipeline, the Buckeye 10-inch Pipeline, Ashland 8-inch Pipeline and Parma Expansion 10-inch Pipeline (collectively, the “NCGT System”). The NCGT System operates across the northern tier of Ohio with interconnections into the Dominion East Ohio, Columbia Gas of Ohio, and KNG Energy Service territories.

4. North Coast is currently developing the Oregon Lateral Pipeline, an approximately 22-mile, 24” high pressure steel pipeline having a capacity of approximately 330,000 MMBtu/day and associated facilities that will interconnect with and serve an approximately 800 megawatt combined cycle natural gas power plant in Oregon, Ohio, near Toledo, Ohio (the “Oregon Clean

Energy Center”). The Oregon Lateral Pipeline will not be connected to the NCGT System and will be a stand-alone pipeline asset. North Coast received a certificate for the construction of the Oregon Lateral Pipeline from the Ohio Power Siting Board, effective as of January 6, 2015.

5. Oregon Clean Energy LLC (“OCE”) is the owner and operator of the Oregon Clean Energy Center and is not affiliated with either North Coast or Generation Pipeline. On May 1, 2013, the Ohio Power Siting Board issued a Certificate for Environmental Compatibility and Public Need to OCE for the construction and operation of the OCE facility.

6. North Coast has entered into a special contract with OCE related to the construction of the Oregon Lateral Pipeline and for natural gas service to the Oregon Clean Energy Center. That contract will be filed with the Commission pursuant to R.C. § 4905.31 prior to service commencing to the Oregon Clean Energy Center.

7. North Coast formed Generation Pipeline and Generation Pipeline has obtained Commission authorization on September 23, 2015 in Case No. 15-1104-GA-ACE to operate as a natural gas company under R.C. § 4905.03(E) and take ownership of and operate the Oregon Lateral Pipeline to service the Oregon Clean Energy Center. Generation Pipeline will transport and supply natural gas to the Oregon Clean Energy Center by virtue of an assignment of the special contract between North Coast and OCE to Generation Pipeline.

8. On June 15, 2015, as supplemented on August 31, 2015, Generation Pipeline filed an application in Case No. 15-1104-GA-ACE seeking authority to operate as an intrastate natural gas company in the state of Ohio.

9. On September 23, 2015, the Commission issued a Finding and Order finding that Generation Pipeline is a public utility and natural gas company and, as such, is subject to the Commission’s jurisdiction.

10. In order to finance the construction of the Oregon Lateral Pipeline, Generation Pipeline seeks Commission authorization to enter into and borrow funds under a long-term debt arrangement, evidenced in part by a Credit Agreement with ZB, N.A., a national banking association, as administrative agent, and ZB, N.A., a national banking association doing business as “Amegy Bank”, as the lender (and perhaps other lenders), in the aggregate principal amount of up to \$33,500,000. The closing date for the financing is expected to be in January 2016; however, as a condition of the financing Commission authorization is required prior to Generation Pipeline drawing/borrowing funds under such long-term debt arrangement. If the closing date is extended beyond February 2016, a new closing date would be disclosed to the Staff as soon as possible. The maturity date of the long-term debt is five (5) years from closing with respect to the construction term loan of up to \$30,000,000 (with a term out deadline of June 1, 2017) and four (4) years from closing with respect to the revolving line of credit of up to \$3,500,000.

11. The loan proceeds from the construction term loan will be used to construct the Oregon Lateral Pipeline which will be used in supplying OCE with natural gas for the operation of the Oregon Clean Energy Center. The loan proceeds from the revolving line of credit will be used to provide working capital, the issuances of letters of credit and for general corporate purposes, and the revolving line of credit will be fully available after the Oregon Lateral Pipeline is completed and is capable of flowing gas.

12. The interest rates under each of the construction term loan and the revolving line of credit are variable (please see Annex 1 to the Summary of Terms and Conditions). With respect to the construction term loan, beginning with the fiscal quarter ending on September 30, 2017, Generation Pipeline would make quarterly payments of principal and interest based on a seven (7) year straight-line amortization. With respect to the revolving line of credit, Generation Pipeline

would make quarterly payments of interest only with all principal and accrued and unpaid interest due at maturity.

13. An unexecuted confidential Draft of Credit Agreement among Generation Pipeline LLC, ZB, N.A. and Lenders will be provided to the Staff for its review.

14. Attached are the following exhibits submitted in support of this application:

Exhibit 1 – Summary of Terms and Conditions

Exhibit 2 – Projected Balance Sheet, Income Statement and Cash Flow Statement

(submitted under seal)

Exhibit 3 – Verification of Officers of Generation Pipeline LLC

WHEREFORE, Generation Pipeline LLC respectfully requests that the Commission approve and authorize the Applicant to enter into a long-term debt arrangement in the aggregate amount of up to \$33,500,000 under the terms and conditions described in this application and to grant any other relief as the Commission finds to be fair and reasonable under the circumstances.

Respectfully submitted,

By: Stephen M. Howard
Michael J. Settineri (0073369)
Stephen M. Howard (0022421)
VORYS, SATER, SEYMOUR AND PEASE LLP
52 East Gay Street
P.O. Box 1008
Columbus, Ohio 43216-1008
(614) 464-5462
mjsettineri@vorys.com

Attorneys for Generation Pipeline LLC

EXHIBIT 1

**GENERATION PIPELINE LLC
SUMMARY OF TERMS AND CONDITIONS**

BORROWER: Generation Pipeline LLC (the "Borrower").

GUARANTORS: Appalachian Midstream Partners, LLC ("AMP"), the majority member of the Borrower, and all current and future wholly-owned domestic subsidiaries of the Borrower.

LENDER: ZB, N.A., dba Amegy Bank ("Lender")

FACILITIES: Construction Term Loan and Revolving Line of Credit ("Facilities")

Construction Term Loan ("Construction Loan")

AMOUNT: Up to \$30,000,000.

PURPOSE: To construct an approximately 22 mile 24" pipeline and related facilities ("AMP Pipeline") capable of transporting approximately 330,000 Mmbtu/day to connect Oregon Clean Energy ("OCE") 800 MW power generation facility to interstate pipelines.

PRICING AND FEES: See Annex I.

MATURITY: Five (5) years from closing.

CONSTRUCTION PERIOD: Ending on June 1, 2017.

AVAILABILITY: The term loan shall be made available in not more than five (5) drawings after closing and ending at the end of the construction period. Notwithstanding the foregoing, the term loan may only be made available in an amount up to and including 1) 47% of the total construction price (net of milestone payments from OCE) of the AMP Pipeline (after initial 53% of the total construction price (net of milestone payments from OCE) for the AMP Pipeline comes in the form of equity) and 2) 100% of the total construction term loan commitment at closing. Full commercial completion date shall occur no later than June 1, 2017.

AMORTIZATION: Beginning with the fiscal quarter ending September 30, 2017, quarterly payments of principal plus interest based on a seven (7) year straight-line amortization.

**RESERVE
ACCOUNT:**

A reserve account will be established to cover interest payments on the Construction Loan during the construction period and will be released after the AMP Pipeline has been completed and is capable of flowing gas. The reserve account will be funded from the proceeds of the first drawing of the Construction Loan in an amount not to exceed 6 months' interest (calculated assuming the Construction Loan is fully drawn).

Revolving Line of Credit ("Revolver")

AMOUNT:

Up to \$3,500,000.

PURPOSE:

To provide for working capital, the issuances of letters of credit, and for general corporate purposes.

PRICING AND FEES:

See Annex I.

MATURITY:

Four (4) years from closing.

AVAILABILITY:

The Revolver will be fully available after the AMP Pipeline has been completed and is capable of flowing gas.

REPAYMENT:

Quarterly payments of interest only with all principal and accrued/unpaid interest due at Maturity.

COLLATERAL:

Usual and customary for financings of this type, but not limited to the following:

- 1) A first priority lien (subject to customary permitted liens and carve-outs) on substantially all assets of the Borrower and its wholly-owned subsidiaries.
- 2) Pledge of 100% of equity interests in the Borrower (excluding incentive units) and all of Borrower's membership interests in its current and future subsidiaries.
- 3) Pledge of revenues under all material contracts.
- 4) Pledge / mortgage of all material contracts (subject to applicable counterparty consent being obtained provided that the Borrower shall use commercially reasonable efforts to obtain such consent), rights, assets (subject to customary carve-outs), permits (to the extent assignable), insurance rights, and deposit, brokerage and commodity accounts (subject to customary exclusions).
- 5) Subject to any required Issuer and OCE consent, pledge of irrevocable letter of credit No. 431837004 or any replacement letter of credit entered into in connection with the Amended and Restated Natural Gas

Transportation Service Agreement (“NGTSA”) between North Coast Gas Transmission (“NCGT”) and OCE dated November 6, 2015.

- 6) The Construction Loan and Revolver will be cross collateralized / defaulted.

**CONDITIONS
PRECEDENT:**

Conditions precedent usual and customary for a facility of this type, including, but not limited to, the following in each case in form and substance reasonably satisfactory to Lender:

- Irrevocable letter of credit No. 431837004 as is referred to in the NGTSA between NCTG and OCE dated November 14, 2014 or any replacement letter of credit entered into in connection with the NGTSA.
- Minimum equity contribution of \$30 million before funding of the Facilities.
- Third party diligence report from Utility Technologies International that covers the technical aspects of the AMP Pipeline, including design, project costs, adequacy of budgeted contingency and schedule, permits, environment and future capital needs.
- Completion of diligence of material aspects of the OCE project including feasibility studies, financing arrangements, permits and regulatory approvals.
- Proposed credit agreement governing the Facilities that constitutes a legal, valid, binding, and enforceable obligation of the Borrower.

LOAN AGREEMENT:

Loan documentation reasonably acceptable to the Lender, including a comprehensive credit agreement and ancillary loan and collateral documents usual and customary for a facility of this type with customary reporting requirements, representations and warranties, and affirmative and negative covenants. Covenants will include, but are not limited to the following financial covenants:

Financial Covenants:

- As of the end of each fiscal quarter, commencing with the fiscal quarter ending September 30, 2017, the Maximum Total Leverage Ratio defined as Total Funded Debt divided by EBITDA shall not exceed 4.00x.
- As of the end of each fiscal quarter, commencing with the fiscal quarter ending September 30, 2017, the Minimum Fixed Charge Covenant shall be no less than 1.10x.
- As of the end of each fiscal quarter, commencing with the closing of the Facilities, the Maximum Capitalization Ratio

defined as Total Funded Debt divided by Total Funded Debt plus Member's Capital shall not exceed 50%.

**EVENTS OF
DEFAULT:**

Usual and customary for a facility of this type, including but not limited to, payment default, legal judgments beyond an agreed threshold, breach of any material covenants after customary cure periods, bankruptcy, or insolvency, change of control and material adverse event.

DOCUMENTATION:

The obligations of Lender are subject in all respects to the preparation and execution of documents acceptable to and satisfactory in form and substance to Lender in its reasonable discretion.

**FEES, COSTS,
EXPENSES:**

Borrower shall pay all reasonable and documented out-of-pocket costs and expenses of Lender related to the Facility, including the reasonable and documented fees and expenses of outside counsel to Lender and one local counsel to Lender in each relevant jurisdiction, and the reasonable costs of inspections and appraisals (subject to limitations if no event of default has occurred and is continuing).

INDEMNITY:

Borrower and Guarantors will indemnify Lender against all losses, liabilities, claims, damages and expenses related to the Facility, including reasonable legal fees and settlement costs, except to the extent any such losses, liabilities, claims, damages or expenses are found in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such indemnified party.

**GOVERNING
LAW AND FORUM:**

State of Texas.

This Summary of Terms and Conditions is not intended to be, and should not be construed as, an attempt to establish all of the terms and conditions relating to the Senior Secured Credit Facility and shall only be used for discussion purposes and not as a commitment to lend. It is intended only to be indicative of how the loan documents might be structured, and not to preclude negotiations within the general scope of these terms and conditions. The loan documents containing final terms and conditions will be subject to approval by Borrower and Lender.

Annex I

Construction Loan and Revolver Pricing

PRICING GRID: The LIBOR margin and commitment fee for the Construction Loan and Revolver will be based on the Borrower's Total Leverage Ratio according to the following grid:

Level	Senior Leverage Ratio	LIBOR Margin	Prime Margin	Revolver Commitment Fee
I	< 2.00x	2.75%	1.75%	0.50%
II	≥ 2.00x; < 2.50x	3.00%	2.00%	0.50%
III	≥ 2.50x; < 3.00x	3.25%	2.25%	0.50%
IV	≥ 3.00x	3.75%	2.75%	0.50%

Pricing at close through the construction period will be set at Level III.

FEES: 75 bps (\$251,250) will be due at closing on the Construction Loan and Revolver.

EXHIBIT 2

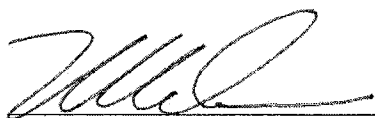
(SUBMITTED UNDER SEAL)

EXHIBIT 3

VERIFICATION

STATE OF OHIO)
COUNTY OF FRANKLIN) ss:

I, Michael E. Calderone, being first duly sworn verify that I am President of Generation Pipeline LLC and have reviewed the foregoing Application and Exhibits and verify that the statements contained in the Application and Exhibits are true and accurate to the best of my knowledge and belief.

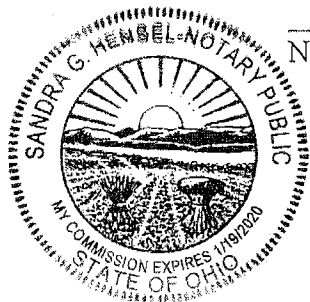


Michael E. Calderone

Sworn to and subscribed before me, a Notary Public, this 20 day of January, 2016.



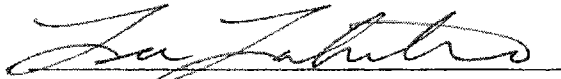
Notary Public



VERIFICATION

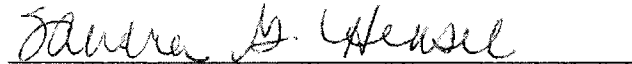
STATE OF OHIO)
COUNTY OF Franklin) ss:

I, Lee Lochtefeld, being first duly sworn verify that I am Treasurer of Generation Pipeline LLC and have reviewed the foregoing Application and Exhibits and verify that the statements contained in the Application and Exhibits are true and accurate to the best of my knowledge and belief.



Lee Lochtefeld

Sworn to and subscribed before me, a Notary Public, this 20 day of January, 2016.



Notary Public



This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

1/20/2016 2:46:41 PM

in

Case No(s). 16-0065-GA-AIS

Summary: Application For Authority to Enter Into Long-Term Debt electronically filed by Mr. Stephen M Howard on behalf of Generation Pipeline LLC