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APPrO Compendium

EB-2016-0186

Union Gas Panhandle Reinforcement

Tab 1

**Excerpts From Rover Pipeline LLC Section 7(c) Application -
Volume 1**

CP-93-000

Filed: February 20, 2015

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

In the Matter of
Rover Pipeline LLC

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Docket No. CP15- _____ -000

APPLICATION OF ROVER PIPELINE LLC
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

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Rover Pipeline LLC (“Rover”) hereby files this application (“Application”) with the Federal Energy Regulatory Commission (“Commission” or “FERC”) pursuant to Section 7(c) of the Natural Act (“NGA”),¹ as amended, and Parts 157 and 284 of the Commission’s regulations,² requesting the following authorizations:

(1) A certificate of public convenience and necessity authorizing Rover to construct, own, and operate under Part 157, Subpart A of the Commission’s regulations³ a new interstate natural gas pipeline system with a total system capacity of 3.25 billion cubic feet per day (“Bcf/day”) of natural gas, including: (a) approximately 711 miles of 24-inch, 30-inch, 36-inch and 42-inch diameter “Supply Laterals” and “Mainlines”⁴ extending from the Marcellus and Utica shale supply areas in West Virginia, Pennsylvania, and Ohio to a point of interconnection with the Vector Pipeline, LP (“Vector”) system in Livingston County, Michigan; ten new compressor stations (six on the Supply Laterals; and four on the Mainlines); nineteen metering and regulating

¹ 15 U.S.C. § 717f(c) (2012).

² 18 C.F.R. Parts 157, 284 (2014).

³ *Id.* at Part 157, Subpart A.

⁴ The ten Supply Laterals are: the Sherwood Lateral; the Columbia Gas Transmission (“CGT”) Lateral; the Seneca Lateral; the Berne Lateral; the Clarrington Lateral; the Majorsville Lateral; the Cadiz Lateral; the Burgettstown Lateral; and Supply Connector Lateral Lines A and B. The three Mainlines are: parallel Mainlines A and B; and the Market Segment.

facilities; and other ancillary facilities (all facilities collectively referred to as the “Rover Pipeline” or “Project”); (b) approval of the *pro forma* FERC NGA Gas Tariff (“Tariff”) submitted herewith, which includes the authority to enter into negotiated rate agreements; and (c) approval of the initial recourse rates for service; and

(2) Blanket certificates authorizing Rover to: (a) engage in certain self-implementing routine activities pursuant to blanket certificate authority under Part 157, Subpart F of the Commission’s regulations;⁵ and (b) transport natural gas on an open-access and self-implementing basis under Part 284, Subpart G of the Commission’s regulations.⁶

Rover also requests any waivers that may be necessary for approval of the Application and the services proposed herein, including waiver of the Commission’s shipper-must-have-title policy in order for Rover to acquire off-system capacity on third-party pipeline systems consistent with Commission policy.⁷

Rover respectfully requests that the Commission issue a final order approving the authorizations requested herein by no later than November 2015. Granting the requested authorizations by November 2015 will allow Rover to commence construction in a timely manner and place in service certain Supply Laterals and Mainlines A and B to a new market interconnection hub known as the “Midwest Hub” in Defiance County, Ohio, by December 2016 to meet the natural gas production schedules and delivery obligations of Rover’s producer-shippers in accordance with the executed precedent agreements. As discussed below, Rover’s contractual commitments further require that it construct and place in service by June 2017 the

⁵ 18 C.F.R. Part 157, Subpart F.

⁶ *Id.* at Part 284, Subpart G.

⁷ *See Tex. E. Transmission Corp.*, 93 FERC ¶ 61,273 (2000), *reh’g & clarification denied*, 95 FERC ¶ 61,056 (2001).

remaining Supply Laterals and the Market Segment facilities commencing at the Midwest Hub and running to the pipeline terminus at an interconnect with Vector.

In support of this Application and pursuant to the Commission's regulations, Rover respectfully submits the following:

I. EXECUTIVE SUMMARY

The Rover Pipeline originated as a result of discussions with producers in the Marcellus and Utica Shale supply areas of West Virginia, Pennsylvania and Ohio that were seeking a means to move their stranded natural gas production to markets in the Midwest and Canada as expeditiously as possible. As reflected in this Application, Rover proposes to meet the long-haul transportation needs of these producer-shippers through a combination of new greenfield pipeline construction and the acquisition of existing off-system capacity.

More specifically, Rover proposes to construct, own, and operate a new interstate natural gas pipeline system to include approximately 711 miles of Supply Laterals and Mainlines, and related compression and metering facilities, from the Marcellus and Utica shale supply areas in West Virginia, Pennsylvania, and Ohio to a point of interconnection with the Vector pipeline system in Livingston County, Michigan.

The Rover Pipeline is designed with dual 42-inch pipelines with the capacity to transport up to 3.25 Bcf/day of natural gas from the beginning of Mainlines A and B near the City of Leesville, in Carroll County, Ohio, to the Midwest Hub. Rover will install delivery meters at the Midwest Hub to deliver gas into Panhandle Eastern Pipe Line Company, L.P. ("Panhandle") and ANR Pipeline Company ("ANR"). To facilitate a seamless transportation path for its shippers in its Market Zone South in a cost-effective manner that minimizes duplication of facilities and environmental impacts, Rover has executed precedent agreements with Panhandle and Trunkline

Gas Company, LLC (“Trunkline Gas”) for firm transportation capacity.⁸ By using existing capacity on the Panhandle and Trunkline Gas pipelines, Rover will deliver approximately 750,000 dekatherms per day (“Dth/day”) to Panhandle, which will redeliver volumes via backhaul to Trunkline Gas’ Zone 1A.⁹ Rover will also be capable of delivering up to approximately 1.7 Bcf/day to ANR.

From the Midwest Hub, the Rover Pipeline is designed with a single 42-inch pipeline—the Market Segment—with the capacity to transport up to 1.3 Bcf/day of natural gas to a proposed interconnection with the Vector system in Livingston County, Michigan. Rover has executed a joint precedent agreement with Vector and its interconnected affiliated pipeline, Vector Pipeline Limited Partnership (“Vector Canada”), for up to 950,000 Dth/day of firm transportation capacity in order that Rover may provide transportation service to those producer-shippers in its Market Zone North requesting deliveries in Michigan under Rover’s Rate Schedules FTS and ITS, as well as deliveries to the Union Gas Dawn Hub in Ontario, Canada (“Dawn Hub”). Additionally, Rover has contracted with Panhandle to deliver additional volumes to the U.S./Canada International Boundary at the Union Ojibway interconnect for further redelivery to the Dawn Hub via the Union Gas Limited system.

Rover is also installing an interconnect in the Supply Zone that will be capable of making deliveries into the CGT system in Doddridge County West Virginia to allow for service to markets in the Gulf Coast, Southeast and East Coast.

⁸ All associated off-system transportation costs for transportation service rendered in the U.S. will be recovered by Rover through its recourse rates. Fuel costs will be a direct charge to the shipper. The precedent agreements executed by Rover for off-system transportation are being submitted as Privileged Information in Exhibit Z-2 hereto.

⁹ Panhandle and Trunkline are filing applications concurrently for authorization to construct and operate compression modifications to allow for backhaul transportation. See Section XV. Also, see attached Trunkline Gas Tariff Map included in Exhibit Z-1 hereto.

In its pre-filing request filed in Docket No. PF14-14-000,¹⁰ Rover had initially indicated its intent to build, among other facilities, a 42-inch pipeline from the Midwest Hub to the Dawn Hub. However, on January 27, 2015, Rover executed a precedent agreement with Vector and Vector Canada for firm transportation service of up to 950,000 Dth/day for deliveries in Michigan and at the Dawn Hub. Rover entered into this transportation arrangement with Vector and Vector Canada for several reasons. First, it enables Rover to avoid construction of approximately 110 pipeline miles in Michigan and approximately 14 pipeline miles in Canada, and the associated impacts to the regions' environmental resources, residences, and private property. Second, Rover's transportation of a portion of its shippers' gas on the Vector system maximizes the use of available and existing pipeline capacity, and enables Rover to take advantage of Vector's existing connections with local distribution companies, vast Michigan storage facilities, and other end users in Michigan and Chicago, as well as Vector Canada's interconnection with the Dawn Hub.¹¹ Finally, along with providing producer-shippers enhanced market outlets, Rover's use of capacity on Vector and Vector Canada will provide these regions with enhanced access to the abundant supply of natural gas originating from the Marcellus and Utica shale supply areas.

While natural gas deliveries in Canada are beyond the Commission's jurisdiction, in order to provide the Commission a complete picture of the wide-ranging benefits of the Project, Rover notes that producer-shippers taking their gas to the Dawn Hub will have multiple options

¹⁰ Request to Initiate the FERC Pre-Filing Review Process, *ET Rover Pipeline Co. LLC*, FERC Docket No. PF14-14-000 (June 26, 2014).

¹¹ Vector's Michigan and Vector Canada's Ontario delivery points are as follows: Bluewater Gas Storage (Lenox, Michigan); Consumers Energy Company (Hartland, Michigan); Consumers Energy Company (Ray, Michigan); DTE Gas Company (Belle River Mills, Michigan); DTE Gas Company (Milford Junction, Michigan); Jackson, Michigan (550 MW); DTE Gas Company (Belle River Mills, Michigan); DTE Gas Company (Milford Junction, Michigan); Jackson, Michigan (550 MW); Washington 10 (Romeo, Michigan); Greenfield Energy Centre, Ontario (1010 MW); Union (Dawn, Ontario); Union (Courtright, Ontario); and Enbridge Gas Distribution (Sombra, Ontario).

concerning final placement and pricing of their gas. At the Dawn Hub their gas can be: (1) stored at multiple facilities in the area; (2) sold in the local Canadian market; (3) sent to U.S. Northeast markets on TransCanada Corporation pipelines; or (4) sent back into the local Michigan or Chicago markets on other pipelines from the Dawn Hub.

The Rover Pipeline represents an approximately \$4.22 billion capital investment in much-needed U.S. energy infrastructure that: (1) responds to market demand for additional firm take-away capacity from the Marcellus and Utica shale supply areas, as evidenced by the significant long-term 15 and 20-year contractual commitments to the Project by producer-shippers; (2) supports overall development of domestic natural gas resources, thereby ensuring domestic energy supplies can grow to meet energy and related national security needs in the United States; and (3) enhances the reliability of the interstate natural gas pipeline grid in a geographic region that serves as a critical junction between sources of natural gas production from the Marcellus and Utica shale supply areas and market demand in the Midwest, Michigan, Gulf Coast, Canadian, and U.S. Northeast markets.

The proposed construction and in-service schedules for the Rover Pipeline are driven by the take-away capacity needs of Marcellus and Utica shale gas producer-shippers that have committed to the Project. In an effort to begin addressing these needs at the earliest date possible, Rover proposes to commence service on a portion of the Supply Laterals (the Seneca, Clarington, and Cadiz Laterals) and the entirety of Mainlines A and B to the Midwest Hub by December 2016. The second construction phase of the Project, which entails construction of those facilities from the Midwest Hub to the interconnection with Vector, as well as the remaining Supply Laterals, is scheduled to be completed and placed in service by June 2017. Significant resources have been expended to date and committed for future expenditure by Rover

and its producer-shippers based on an in-service date of December 2016 for the Supply Laterals and Mainlines A and B. Because an in-service date of December 2016 is critical to certain shipper commitments, Rover is requesting issuance of the certificate authorization as proposed herein by November 2015.

Rover is aware that it is proposing an ambitious schedule, and that the Commission requires a complete record in order to meet this schedule. Through its participation in the Commission's Pre-Filing Review Process, Rover has identified and resolved many issues of potential concern, such as route alternatives, environmental matters, and special construction needs. Most notably, Rover has entered into a precedent agreement with Vector and Vector Canada that will enable Rover to meet its commitments to its shippers in an efficient, cost-effective manner that eliminates duplication of facilities and minimizes environmental impacts. Rover is committed to continuing to engage with stakeholders in order to address and resolve issues as they may arise, and thus to facilitate the Commission's review of the Project. The Environmental Report, included herewith as Exhibit F-I, demonstrates that the Rover Pipeline has been sited first to avoid, and then to minimize environmental impacts, as well as to minimize landowner impacts.

The Environmental Report also demonstrates that the Rover Pipeline has been designed using state-of-the-art construction techniques and equipment to satisfy all applicable safety and security requirements, and to minimize impacts on the environment. In particular, Rover has undertaken to design the Project so that it may operate in a manner that minimizes air emissions, including emissions of greenhouse gases. Finally, the Project satisfies the policy goals established in the Commission's Certificate Policy Statement ("FERC Policy Statement")

addressing new interstate natural gas pipeline facilities.¹² Because Rover is a new pipeline company, it has no existing customers who may be adversely affected by costs or risks of recovery of costs of the proposed Rover Pipeline facilities. The economic risks of the Project will be borne fully by Rover.

For the foregoing reasons, and as described more fully herein, the Project is required by the public convenience and necessity in satisfaction of the requirements of NGA Section 7(c).¹³ Accordingly, Rover requests that the Commission grant all authorizations required to construct, own, and operate the Rover Pipeline as proposed herein by November 2015.

II. INFORMATION REGARDING THE APPLICANT

The exact legal name of the applicant is Rover Pipeline LLC. Rover is a limited liability company that is organized and exists under the Delaware Limited Liability Act, with its principal offices located at 1300 Main Street, Houston, Texas 77002. Rover is jointly owned by ET Rover Pipeline, LLC (“ET Rover”), and AE-Midco Rover, LLC and AE-Midco Rover II, LLC. ET Rover is the majority interest owner, developer, and will be the operator of the Project.

Rover currently does not own any pipeline facilities, nor is it currently engaged in any natural gas transportation operations. Upon acceptance of the certificate authority sought in this Application and the commencement of service authorized thereunder, Rover will be subject to the Commission’s jurisdiction under the NGA as a natural gas company. Rover will provide

¹² *Certification of New Interstate Natural Gas Pipeline Facilities*, 88 FERC ¶ 61,227 (1999); *Order Clarifying Statement of Policy*, 90 FERC ¶ 61,128 (2000); *Order Further Clarifying Statement of Policy*, 92 FERC ¶ 61,094 (2000).

¹³ 15 U.S.C. § 717f(c).

transportation service pursuant to its Tariff on an open-access and self-implementing basis under Part 284, Subpart G of the Commission's regulations.¹⁴

III. CORRESPONDENCE AND COMMUNICATIONS

The names, titles, mailing addresses, telephone numbers and email addresses of those persons to whom all communications concerning this Application are to be directed are:

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¹⁴ 18 C.F.R. Part 284, Subpart G.

¹⁵ Designated as the responsible Rover official under Rule 154.7(a)(2) of the Commission's regulations, *id.* at § 154.7(a)(2).

¹⁶ Designated to receive service pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, *id.* at § 385.2010. Rover respectfully requests that the Commission waive Rule 385.203(b)(3), *id.* at § 385.203(b)(3), in order to allow Rover to include each of the designated representatives on the official service list.

Rover Pipeline LLC

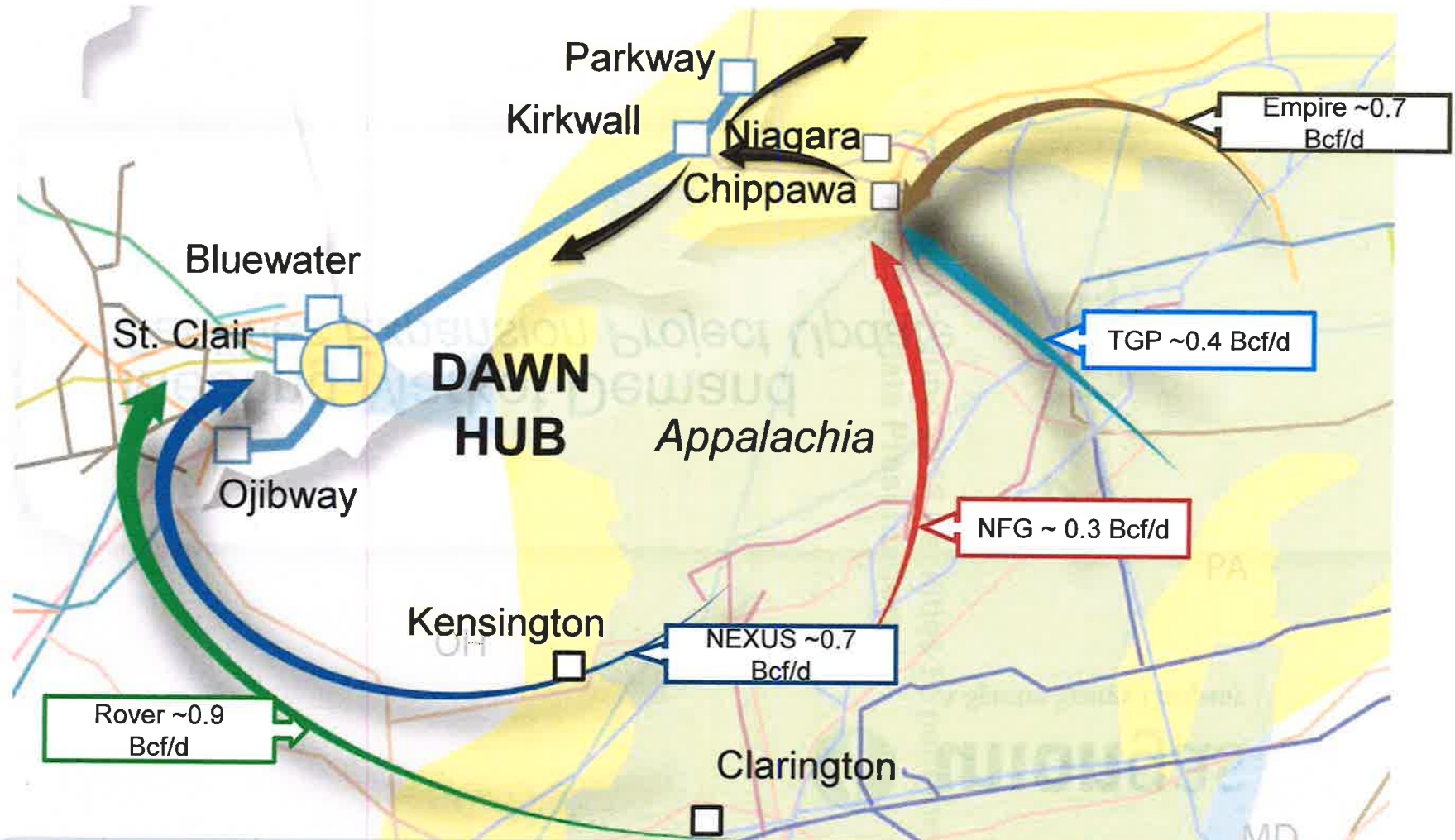
Market Data

List of Subscribed Volumes for the Rover Pipeline Project
(Volumes are stated in Dth per day)

Maximum Daily Contract Quantities

<u>Shipper</u>	<u>Term</u>	<u>Total Contract Quantity</u>	<u>To Market Zone North (Dawn, PEPL North & Vector)</u>	<u>To Midwest Hub (PEPL/ANR)</u>	<u>To Market Zone South (Trunkline Gas Zone 1A)</u>
A	20-years	1,100,000	450,000	450,000	200,000
B	15-years	800,000	0	800,000	0
C	15-years	200,000	0	0	200,000
D	15-years	150,000	50,000	0	100,000
E	20-years	150,000	150,000	0	0
F	15-years	100,000	75,000	0	25,000
G	20-years	400,000	200,000	0	200,000
H	15-years	100,000	100,000	0	0
I	20-years	100,000	75,000	0	25,000
Total		<u>3,100,000</u>	<u>1,100,000</u>	<u>1,250,000</u>	<u>750,000</u>

Focus on Continued Growth at Dawn Natural Gas Supply



New pipeline infrastructure providing access to Appalachian supply at Dawn and Niagara/Chippawa