FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 2, 2007

In Reply Refer To:
Equitrans, L.P.
Docket No. RP07-157-000

Equitrans, L.P.
225 North Shore Drive
Pittsburgh, PA 15212-5861

Attention: David K. Dewey
Vice President & General Counsel

Reference: Revised Tariff Sheets

Dear Mr. Dewey:

1. On January 31, 2007, Equitrans, L.P. (Equitrans) filed revised tariff sheets[1] to modify the General Terms and Conditions of its FERC Gas Tariff by adding section 39, Third Party Capacity. Equitrans seeks this tariff modification so that it may contract in its own name to acquire and utilize capacity on third-party pipeline systems. As discussed below the Commission accepts the tariff sheets to be effective March 1, 2007.

2. Equitrans states that the purpose of this filing is to acquire and utilize capacity on third-party pipeline systems. Equitrans states that the tariff modification will permit it to react appropriately in the event of an opportunity to acquire capacity which would provide additional flexibility for its customers. Equitrans' proposed tariff language states:

> Equitrans, from time-to-time, may contract in its own name to acquire and utilize capacity on a third-party system. Any services provided to Customers using such capacity shall be provided pursuant and subject to the applicable provisions of Equitrans' tariff, including the applicable rates, as on file and in effect from time-to-time. The "shipper must have title" policy is waived to permit Equitrans to utilize such capacity to provide services to its Customers.

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[1] Fifth Revised Sheet No. 200, Original Sheet No. 315 and Sheet Nos. 316-399 to FERC Gas Original Volume No. 1.

3. Public notice of the filing was issued on February 2, 2007. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2006). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2006)), all timely motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Philadelphia Gas Works (PGW) filed a limited protest and Columbia Gas of Pennsylvania (CPA) filed comments, which are discussed below.

4. PGW states that it has no objection to Equitrans contracting for capacity on other pipelines for the convenience of its customers. PGW asserts that its concern is that Equitrans' proposal does not ensure that customers not benefiting from third-party capacity Equitrans may purchase will be insulated from the cost of that capacity.

5. PGW also states that Equitrans' tariff language should be clarified by including provisions which ensure that Equitrans imposes third-party pipeline cost only on the customers requesting the third-party pipeline service. PGW also requests the Commission to clarify that Equitrans will be at risk for the cost associated with the off-system capacity it acquires.

6. CPA does not object to Equitrans' request for authority to acquire capacity on third-party pipelines, either for specific operational purposes or for specific shippers. However, CPA asserts that the proposed tariff language does not sufficiently address the manner in which the costs of such capacity are to be recovered.

7. Finally, CPA asserts that the tariff language should be revised to provide that where Equitrans acquires third-party capacity to serve one or more specific shippers, those shippers should be required to pay all costs associated with that capacity, including, without limitation, all reservation charges, usage charges, fuel charges, balancing fees, compression charges, and the cost of any applicable retainage. CPA states that the pipeline's remaining customers should not be required to bear those costs.

8. The Commission finds the instant tariff sheets to be just and reasonable. Equitrans' proposal is consistent with Commission precedent regarding such arrangements.[2] Moreover, the Commission will not require Equitrans to modify its tariff further to provide further assurances that shippers that do not benefit from the subject capacity do not bear the costs of the capacity. The Commission's policies ensure that shippers that do not benefit from the acquisition of off system capacity do not bear the costs of such capacity. As the Commission stated in *Texas Eastern*:

[2] *Texas Eastern Transmission Corp.*, 93 FERC ¶ 61,273 (2000) (Texas Eastern).

> [p]ipelines acquiring upstream capacity without prior Commission approval will be at risk for the costs of that capacity. Pipelines seeking to recover costs of the acquisition will have to justify the inclusion of such costs in a section 4 rate filing where it will be examined like any other cost item."[3]

Because the cost of the upstream capacity must be justified in a future NGA section 4 rate case by the pipeline before the pipeline can collect any such costs, all parties to that section 4 proceeding will have the opportunity to examine the benefits conferred by any such capacity and the recovery of any costs related to such capacity, if any. In the interim, shippers may continue to rely on Equitrans' existing maximum recourse tariff rates for service. Therefore, the Commission need not further modify Equitrans' proposed tariff language. Accordingly, the Commission accepts the proposed tariff sheets to be effective March 1, 2007.

By direction of the Commission.

Magalie R. Salas,
Secretary.

[3] *Id*. at 61,886. *See* also, *Tennessee Gas Pipeline Co*., 96 FERC ¶ 61,045 at 61,112 (2001).