127 FERC ¶ 61,091
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

April 28, 2009

In Reply Refer To:
Equitrans, L.P.
Docket Nos. RP08-591-000
RP08-591-002

Equitrans, L.P.
225 North Shore Drive
Pittsburgh, PA 15212-5352

Attention: Joseph Dawley
Counsel, Energy and Environmental Law

Reference: Order on Stipulation and Settlement Agreement

Dear Mr. Dawley:

1. On March 5, 2009, Equitrans, L.P. (Equitrans) filed an offer of settlement, including tariff sheets[1] (Settlement) to resolve all of the issues in Docket Nos. RP08-591-000 and RP08-591-002. Equitrans made the filing pursuant to Rule 602 of the Commission's Rules of Practice and Procedure[2] and states that it resolves all issues in this proceeding concerning Equitrans' Tennessee Capacity Surcharge Tracker (TCST).

2. On November 15, 2006, in Docket No. CP06-275-000, the Commission issued a Certificate authorizing Equitrans to construct and operate the Big Sandy Pipeline.[3] The Big Sandy Pipeline is a 67.61 mile long pipeline extending from the Big Sandy

[1] Second Substitute Original Sheet No. 316 and Original Sheet No. 316A to FERC Gas Tariff, Original Volume No. 1.

[2] 18 C.F.R. § 385.602 (2008).

[3] *Equitrans, L.P.*, 117 FERC ¶ 61,184 (2006).

compressor station near Langley, in Floyd County, Kentucky to the Glancy Fork interconnection with Tennessee's Broad Run lateral in Carter County, Kentucky. After receiving a certificate to construct the Big Sandy Pipeline and after the commencement of construction, Tennessee informed Equitrans that the gas delivered from Big Sandy Pipeline would not meet Tennessee's gas quality specifications. Therefore, to accept gas from the Big Sandy Pipeline, it was necessary for Tennessee to install facilities to blend gas received from the Big Sandy Pipeline, to modify its emergency shutdown system, and to shift some existing customers from the Broad Run Lateral to Tennessee's adjacent Line 100-6. These facility modifications enabled the Big Sandy Pipeline shippers to make gas deliveries into the Tennessee pipeline.

3. Rather than compensate Tennessee by making a contribution in aid of construction plus associated gross up for income taxes, Equitrans and Tennessee agreed that Equitrans would acquire capacity on Tennessee's Broad Run Lateral for firm transportation service from the Big Sandy Pipeline Interconnect at Glancy Fork to Tennessee's Dry Creek interconnect with Texas Eastern Pipeline LP (Texas Eastern). This solution was designed to reimburse Tennessee for the facility modifications, while providing incremental value to Big Sandy shippers. Subsequently, Equitrans and Tennessee executed a Firm Transportation Agreement (Transportation Agreement) under Rate Schedule FTA for 82,000 Dth per day for the term March 1, 2008 through August 31, 2010.

4. On August 29, 2008, Equitrans filed tariff sheets to establish the TCST and to establish rules and procedures for shippers on Big Sandy Pipeline to utilize the capacity held by Equitrans on Tennessee. The TCST was designed to recover from Big Sandy Pipeline shippers costs incurred under the Transportation Agreement beginning October 1, 2008 through the end of the Termination Agreement, August 31, 2010. On September 30, 2008, the Commission issued a letter order suspending Equitrans' proposed tariff sheets for a nominal period, to become effective on October 1, 2008, subject to refund and further Commission review.[4] On October 24 and December 15, 2008, Commission staff issued data requests seeking additional information about the TCST. Equitrans responded on October 31, 2008 and January 5, 2009, respectively. On January 6, 2009, Equitrans filed a motion seeking a technical conference with Commission staff. Following public notice, Commission staff convened a technical conference on February 5, 2009.

5. The Settlement consists of six Articles.

6. Article I provides that Equitrans will implement the TCST to recover reservation charges incurred under the Transportation Agreement with Tennessee in accordance with

[4] *Equitrans, L.P.*, 124 FERC ¶ 61,310 (2008).

the accompanying tariff sheets. Big Sandy Shippers will be able to utilize the Tennessee Capacity by nominating gas to the Texas Eastern Dry Creek interconnect. The terms and conditions under which the capacity can be utilized are included in the accompanying tariff sheets.

7. Article II provides that on the first day of each month, Equitrans will post the capacity available under the Transportation Agreement with Tennessee on Equitrans' electronic bulleting board for release subject to recall. Equitrans will recall any capacity needed to serve nominations to Dry Creek by any of the Big Sandy shippers, who will continue to have priority to the capacity.

8. Article III provides that Equitrans will credit to the Big Sandy shippers all revenues received as a result of capacity released under the Transportation Agreement with Tennessee. Revenue credits shall be pro rated based on the amount of capacity each shipper holds on Big Sandy.

9. Article IV provides that Equitrans will not seek to recover reservation charges incurred under the Transportation Agreement between March 1, 2008 and October 1, 2008. Equitrans will recover only costs incurred after October 1, 2008 and will file to remove the TCST tariff sheets within 90 days following the August 31, 2010 expiration of the contract.

10. Article V provides that the Settlement shall become effective and binding on the first day of a Commission order approving the Settlement (including tariff sheets) as to all its terms and conditions without material modification becomes no longer subject to rehearing. In addition, Article V provides that the tariff sheets shall be effective as of October 1, 2008.

11. Article VI establishes that the Settlement represents a negotiated resolution of all issues in the proceeding and sets forth the parties' general reservations under the Settlement and preserves the parties' rights under the Natural Gas Act.

12. The Commission finds that the Settlement is fair, reasonable, and in the public interest. The Settlement is therefore approved, to become effective as proposed. The Commission's approval of this Settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding. The tariff sheets submitted with the Settlement are accepted effective October 1, 2008. The suspension of the tariff sheets filed in Docket No. RP08-591-000 is removed.

13. This letter order terminates Docket Nos. RP08-591-000 and -002.

By direction of the Commission.

Kimberly D. Bose,
Secretary.