

147 FERC ¶ 61,203
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 13, 2014

In Reply Refer To:
EQT Energy, LLC
EQT Production Company
Range Resources -
Pine Mountain, Inc.
Docket No. RP14-918-000

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Dear Messrs. Diehl and Goldberg:

1. On May 16, 2014, EQT Energy, LLC (EQT Energy), EQT Production Company (EQT Production) (together with EQT Energy, EQT Companies), and Range Resources – Pine Mountain, Inc. (Range) (collectively, Petitioners) filed a petition for a temporary waiver (Joint Petition) of the Commission’s capacity release regulations and policies, related pipeline tariff provisions, and any other authorizations or waivers deemed necessary, to enable the EQT Companies to transfer their jurisdictional natural gas transportation capacity related to certain natural gas production assets and their interest in the supporting gas gathering system to Range. Petitioners request expedited issuance of an order on this Joint Petition no later than June 13, 2014 and request that such waivers be effective immediately upon issuance of a Commission Order and remain in effect for 90 days. For the reasons discussed below and for good cause shown, the Commission grants the requested limited waivers.

2. Petitioners state that they have entered into an Asset Exchange Agreement (Agreement), in which the EQT Companies will transfer ownership of their interest in 138,000 net acres and 1,200 miles of gathering pipelines and compression in the Nora Field of Virginia, giving Range full ownership of that asset. In exchange, Range will transfer ownership of approximately 73,000 net acres and related assets in Glasscock and Sterling Counties, Texas in the Permian Basin.

3. As part of the Agreement, the EQT Companies will transfer several transportation capacity agreements related to production at the Nora Field to Range. EQT Companies currently hold transportation capacity on East Tennessee Natural Gas, LLC (ETNG), through three transportation capacity agreements held by EQT Production and two transportation capacity agreements held by EQT Energy. In addition, EQT Energy is the releasing shipper with respect to two temporary capacity releases to unaffiliated third parties. Petitioners state that with respect to the temporary capacity releases, Range will replace EQT Energy, leaving the current capacity rights in the hands of the replacement shippers. Petitioners state that the asset exchange under the Agreement is scheduled to close on June 16, 2014. Therefore, they request Commission action as expeditiously as possible, but in no event later than June 13, 2014.

4. To facilitate the permanent prearranged release of these transportation contracts, Petitioners request waivers of certain Commission regulations and policies as well as related capacity release provisions in ETNG's FERC NGA Gas Tariff,¹ and any other waivers or authorizations deemed necessary. Specifically, Petitioners request waiver of the Commission's: (1) capacity release posting and bidding requirements;² (2) prohibition on the release of capacity above the maximum recourse rate;³ (3) shipper-must-have-title policy; (4) prohibition on buy/sell arrangements; and (5) prohibition against tying, to the extent applicable. Petitioners also request that the Commission waive Sections 17 (Release of Rights to Firm Transportation Service) and 22.1 (Warranty of Title to Gas) of the General Terms and Conditions of ETNG's tariff. Petitioners state that they will utilize the temporary waivers requested in this Joint Petition only for the

¹ Provisions governing the release of firm capacity, the posting and bidding requirements for capacity release transactions, and the prohibition on the release of capacity at a rate above the maximum recourse rate are set forth in General Terms and Conditions Part 6 of ETNG's FERC NGA Gas Tariff.

² 18 C.F.R. § 284.8(c)-(e) (2013).

³ 18 C.F.R. § 284.8(b)(2), 284.8(h)(1)(iii) (2013).

limited purpose of completing the permanent transfer of the capacity as contemplated by the exchange transaction.

5. Petitioners state that granting the limited waiver requested herein is in the public interest. Petitioners assert that posting the permanent release of each of the EQT Companies' jurisdictional transportation contracts with ETNG would unnecessarily increase the transaction costs and would frustrate the purpose of the exchange transaction, which represents an efficient transfer of the EQT Companies' natural gas production and interests in gathering assets in the Nora Field in Virginia. Petitioners state that strict adherence to the Commission's posting and bidding requirements and related policies would neither benefit the natural gas market nor serve the Commission's regulatory goals, which the Commission has stated are focused upon permitting shippers to reallocate unneeded firm capacity to those who need it and promote efficient load management by pipelines and customers.⁴

6. Public notice of the Joint Petition was issued on May 19, 2014. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.⁵ On May 27, 2014, ETNG filed a motion to intervene out-of-time and comments. Pursuant to Rule 214,⁶ all timely motions to intervene and any unopposed motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt this proceeding or place additional burdens on existing parties.

7. In its comments, ETNG states that it does not oppose the waiver request. However, ETNG requests that the Commission's order clarify that the waiver is limited to ETNG's posting and bidding requirements relating to the capacity release provisions in its tariff, and that ETNG should remain financially indifferent to the release.

⁴ Application at 6 (citing *Request for Clarification of Policy Regarding Waivers of Applicable Requirements to Facilitate Integrated Transfers of Marketing Businesses*, 127 FERC ¶ 61,106, at P 8 (2009)).

⁵ 18 C.F.R. § 154.210 (2013).

⁶ 18 C.F.R. § 385.214 (2013).

8. The Commission has reviewed Petitioners' request for temporary waivers and find that the request is adequately supported and consistent with previous waivers that the Commission has granted to permit the release of capacity under similar circumstances,⁷ particularly when the transfers are a result of various types of corporate restructurings, including corporate mergers and sales of entire business units.

9. Petitioners have also provided the information required for approval of such waivers: (1) identification of the regulations and policies for which waiver is sought; (2) identification of the pipeline service agreements and capacity to be transferred;⁸ and (3) description of the overall transaction and its claimed benefits, with sufficient detail to permit the Commission and other interested parties to determine whether granting the requested waivers is in the public interest.⁹

10. Accordingly, for good cause shown, the Commission grants Petitioners' request for temporary, limited waiver of its capacity release regulations, including prohibitions on buy/sell and tying arrangements, as well as the posting and bidding provisions and shipper-must-have-title requirements. In addition, the Commission grants, to the extent necessary, a temporary and limited waiver of the above-referenced provisions of ETNG's tariff so as to facilitate the exchange transaction. The Commission clarifies that the waivers do not apply to the capacity release provisions of ENTG's tariff not related to posting and bidding of capacity. Further, as requested by ETNG, the Commission

⁷ See, e.g., *Big Sandy Pipeline, LLC*, 141 FERC ¶ 61,151 (2012); *Antero Resources Corp.*, 139 FERC ¶ 61,258 (2012); *Salmon Resources, LTD*, 138 FERC ¶ 61,059 (2012); *Big Sandy Pipeline, LLC*, 136 FERC ¶ 61,130 (2011); *BHP Billiton Petroleum (Fayetteville LLC)*, 135 FERC ¶ 61,088 (2011); *Wisconsin Electric Power Co.*, 131 FERC ¶ 61,104 (2010); *EnergyMark, LLC*, 130 FERC ¶ 61,059 (2010); *Total Gas & Power North America, Inc.*, 131 FERC ¶ 61,023 (2010); *Sequent Energy Mgmt., L.P., et al.*, 129 FERC ¶ 61,188 (2009); *North Baja Pipeline, LLC*, 128 FERC ¶ 61,082 (2009); *Macquarie Cook Energy, LLC*, 126 FERC ¶ 61,160 (2009); *Bear Energy LP*, 123 FERC ¶ 61,219 (2008).

⁸ The contracts subject to the waiver are Contract Nos. 410267, 410354, 410355, 410361, and 410370.

⁹ *Request for Clarification of Policy Regarding Waivers of Applicable Requirements to Facilitate Integrated Transfers of Marketing Businesses*, 127 FERC ¶ 61,106, at P 10 (2009).

clarifies that, notwithstanding the waiver, ETNG should remain financially indifferent to the release. The Commission will allow the waivers to remain in effect for a 90-day period following issuance of this Order.

By direction of the Commission.

Kimberly D. Bose,
Secretary.