

150 FERC ¶ 61,014
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

January 14, 2015

In Reply Refer To:
Rice Drilling B LLC
Rice Energy Marketing LLC
Docket No. RP15-241-000

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Dear Mr. Jordan and Ms. Jost:

1. On December 3, 2014, Rice Drilling B LLC (Rice Drilling) and Rice Energy Marketing LLC (Rice Energy) (collectively, Petitioners) filed a petition for temporary waiver of the Commission's capacity release regulations and policies and certain tariff provisions of various pipelines'¹ FERC Gas Tariffs. Petitioners state that the waivers are

¹ ANR Pipeline Company, Columbia Gas Transmission, LLC, Columbia Gulf Transmission, LLC, Dominion Transmission, Inc., Equitrans, L.P., National Fuel Gas Supply Corporation, Rockies Express Pipeline LLC, and Texas Eastern Transmission, L.P. (collectively, Pipelines).

necessary to enable Rice Drilling to transfer its existing firm transportation agreements with the Pipelines to Rice Energy. Petitioners request issuance of an order granting the waivers no later than January 15, 2015, and ask that such waivers be effective immediately upon issuance of a Commission order and remain effective for 120 days. For the reasons discussed below, the Commission grants the requested temporary waivers effective January 15, 2015, as requested, for the limited purpose of effectuating the transaction.

2. Petitioners state that their parent company, Rice Energy Inc., determined that in order to enhance operational efficiency, Rice Drilling will transfer its entire gas marketing business to Rice Energy. Petitioners contend that the transfer of these firm transportation agreements² is an integral part of a larger corporate restructuring where Rice Drilling will: (1) sell its natural gas production to Rice Energy at certain receipt points; (2) permanently assign to Rice Energy all of the interstate pipeline capacity that it currently holds under the subject firm transportation agreements; (3) assign to Rice Energy all of the interstate pipeline precedent agreements to which Rice Drilling is a party; and (4) enter into novation agreements with all of its asset managers and Rice Energy such that the underlying asset management agreements become agreements between each asset manager and Rice Energy instead of Rice Drilling.

3. To facilitate the transfer of the capacity along with the gas distribution assets, Petitioners request limited waiver of certain Commission regulations and policies. Specifically, Petitioners seek waiver of the Commission's (1) capacity release posting and bidding requirements; (2) prohibition on tying arrangements; (3) restrictions on capacity releases below or above the maximum rate; and (4) Pipelines' tariff provisions governing capacity release posting and bidding. Petitioners maintain that the requested temporary waivers are consistent with waivers previously granted by the Commission under similar circumstances involving the sale of natural gas distribution assets.³

4. Public notice of the petition was issued on December 8, 2014. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.⁴

² Petitioners included a list of these agreements as Schedule A to their filing: Contract Nos. 123656, 123657, 123658, 123659, 28617, 151489, 151490, 149727, 149728, 149796, 200674, EQTR18237-785, F11810, 947976, 911093-R1, and 911130-R1.

³ Petition at 18 (citing *ONEOK, Inc.*, 146 FERC ¶ 61,047, at P 28 (2014); *Laclede Gas Co.*, 145 FERC ¶ 61,067, at PP 6-7 (2013); *Atmos Energy Corp.*, 142 FERC ¶ 61,110, at PP 6-8 (2013); *Atmos Energy Corp.*, 140 FERC ¶ 61,073, at P 16 (2012)).

⁴ 18 C.F.R. § 154.210 (2014).

Pursuant to Rule 214,⁵ 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. No protests or adverse comments were filed.

5. The Commission has reviewed Petitioners' request for temporary waivers and finds that the request is adequately supported and consistent with prior waivers granted by the Commission under similar circumstances.⁶ Petitioners 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; 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.⁷

6. Accordingly, for good cause shown, the Commission grants temporary, limited waiver of the capacity release posting and bidding requirements related to capacity release in the Commission's regulations,⁸ prohibition on tying arrangements, restrictions on capacity releases below or above the maximum rate, and Pipelines' tariff provisions,⁹ governing capacity release posting and bidding. As requested, the waivers will remain

⁵ 18 C.F.R. § 385.214 (2014).

⁶ See e.g., *ONEOK*, 146 FERC ¶ 61,047 at P 28; *Laclede*, 145 FERC ¶ 61,067 at PP 6-7; *Atmos*, 142 FERC ¶ 61,110 at PP 6-8; *Atmos*, 140 FERC ¶ 61,073 at P 16.

⁷ *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).

⁸ 18 C.F.R. § 284.8(c)-(e) (2014).

⁹ Specifically, Petitioners are seeking waiver of the capacity release posting and bidding requirements under ANR's FERC Gas Tariff, Third Revised Volume No. 1, General Terms and Conditions (GT&C), Sections 6.21.1.5 through 6.21.1.11; Columbia Gas' FERC Gas Tariff, Fourth Revised Volume No. 1, GT&C, Sections 14.1 through 14.5; Columbia Gulf's, Third Revised Volume No. 1, GT&C, Sections 14.1 through 14.5; DTI's FERC Gas Tariff, Fourth Revised Volume No. 1, GT&C, Sections 23.1 through 23.4; Equitrans' FERC Gas Tariff, First Revised Volume No. 1, GT&C, Sections 6.22.5 through 6.22.9; National Fuel's FERC Gas Tariff, Fifth Revised Volume No. 1, GT&C, Sections 10.2 through 10.6; Rockies Express', FERC Gas Tariff, Third Revised Volume No. 1, GT&C, Sections 15.1, 15.3 through 15.12; Texas Eastern's FERC Gas Tariff, Eighth Revised Volume No. 1, GT&C, Sections 3.14(B), (C), (D), (E), (F), and (G).

effective for 120 days following the issuance of this order, or until the date the capacity release transaction is completed, whichever is sooner.

By direction of the Commission. Commissioner Honorable is not participating.

Kimberly D. Bose,
Secretary.