

155 FERC ¶ 61,245  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

June 7, 2016

In Reply Refer To:  
SWN Energy Services  
Company, LLC and  
HG Energy, LLC  
Docket No. RP16-939-000

Brett A. Snyder  
Cadwalader, Wickersham, & Taft LLP  
700 Sixth Street, NW  
Washington, DC 20001

Robert A. Weishaar, Jr.  
McNees Wallace & Nurick LLC  
777 North Capitol Street, Suite 401  
Washington, DC 20002

Dear Mr. Snyder and Mr. Weishaar:

1. On May 9, 2016, SWN Energy Services Company, LLC (SWN Energy) and HG Energy, LLC (HG Energy) (collectively, Petitioners) filed a joint petition requesting a limited and temporary waiver of the Commission's capacity release regulations and policies and waiver of the related capacity release tariff provisions of certain pipelines in order to permit the permanent release of capacity under two service agreements, one on Columbia Gas Transmission, LLC (Columbia Gas) and one on Dominion Transmission, Inc. (Dominion) (the Columbia Agreement and the Dominion Agreement<sup>1</sup>) (collectively, Service Agreements).<sup>2</sup> Petitioners request that the waiver remain in effect for a period of 90 days after it becomes effective. Petitioners also request a shortened comment period

---

<sup>1</sup> Petitioners state that the Dominion Agreement is a negotiated rate agreement that was accepted by letter order. *See Dominion Transmission, Inc.*, Docket No. RP15-417-000 (Feb. 25, 2015) (delegated letter order).

<sup>2</sup> Petitioners state that they are authorized by Columbia Gas and Dominion to state that the pipelines consent to the petition.

and expedited issuance of an order granting the petition no later than June 8, 2016. For the reasons discussed below, and for good cause shown, the Commission grants the requested temporary waiver.

2. Petitioners state that on May 2, 2016, SWN Production Company, LLC (SWN Production) and HG Energy entered into a Purchase and Sale Agreement under which SWN Production will transfer certain oil and gas properties in West Virginia to HG Energy (the Transaction). Petitioners further state that an integral part of the Transaction is the transfer of the Service Agreements and related capacity from SWN Energy to HG Energy at the rates set forth under the Service Agreements. Petitioners assert that a grant of the requested waivers will allow SWN Energy to permanently release the capacity associated with the Service Agreements to HG Energy. Accordingly, to facilitate the Transaction, Petitioners seek waiver of the Commission's: (1) capacity release regulations set forth in section 284.8 of the Commission's regulations, including the posting and bidding requirements;<sup>3</sup> (2) restrictions on capacity releases above or below the maximum rate of the above mentioned;<sup>4</sup> (3) shipper-must-have-title policy; (4) prohibition against buy/sell arrangements; and (5) prohibition against tying arrangements to permit the capacity under the Service Agreements to be permanently released. Petitioners also request that the Commission waive the related capacity release tariff provisions of Dominion and Columbia Gas.

3. Petitioners claim the Commission has recognized that such temporary waivers serve a vital function in facilitating complex transactions.<sup>5</sup> Petitioners assert that granting the requested waivers requested will permit SWN Energy to assign the Service Agreements to HG Energy and allow HG Energy to produce natural gas using the firm transportation capacity currently used by SWN Energy. Petitioners also assert that the assignment of the Service Agreements cannot be separated from the overall Transaction, and that the Transaction cannot be fully effectuated without the transfer of the firm transportation capacity. Further, the Petitioners assert that granting the waivers requested herein will ensure that the pipelines will remain financially indifferent to the permanent release of capacity.<sup>6</sup> Petitioners contend that the Commission has granted waivers of its regulations and policies governing the use and release of interstate capacity to allow

---

<sup>3</sup> 18 C.F.R. §§ 284.8(c)-(e) (2015).

<sup>4</sup> 18 C.F.R. §§ 284.8(b)(2), 284.8(h)(1)(iii) (2015).

<sup>5</sup> *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).

<sup>6</sup> Petition at 7 (citing *Total Gas & Power North America, Inc.*, 131 FERC ¶ 61,023 (2010)).

parties to consummate transactions such as mergers, corporate consolidations, and the sale of an entire business unit. Petitioners contend that the instant transaction is consistent with the types of transactions for which the Commission has granted waivers in the past.<sup>7</sup>

4. Public notice of the filing was issued on May 11, 2016. Interventions and protests were due on or before May 16, 2016, as provided in section 154.210 of the Commission's regulations.<sup>8</sup> Pursuant to Rule 214,<sup>9</sup> all motions to intervene are granted 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 the proceeding or place additional burdens on existing parties. No adverse comments or protests were filed.

5. The Commission has reviewed the Petitioners' request for temporary waiver and finds that the request is adequately supported and consistent with previous waivers the Commission has granted to permit the release of capacity under similar circumstances.<sup>10</sup> Specifically, we find that Petitioners have provided the information required for approval of such waivers, which includes: (a) identification of the regulations and policies for which waiver is sought; (b) identification of the pipeline service agreements and capacity to be transferred; and (c) a description of the overall transaction and its claimed benefits,

---

<sup>7</sup> Petition at 5 (citing *Petrohawk Energy Corp.*, 144 FERC ¶ 61,234 (2013), *Salmon Res., LTD*, 138 FERC ¶ 61,059 (2012); *Wis. Elec Power Co.*, 131 FERC ¶ 61,104 (2010); *EnergyMark, LLC* 130 FERC ¶ 61,059 (2010); *Sequent Energy Mgmt., L.P.*, 129 FERC ¶ 61,188 (2009); *Macquarie Cook Energy, LLC*, 126 FERC ¶ 61,160 (2009); and *Bear Energy LP*, 123 FERC ¶ 61,219 (2008).

<sup>8</sup> 18 C.F.R. § 154.210 (2015).

<sup>9</sup> 18 C.F.R. § 385.214 (2015).

<sup>10</sup> 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).

with sufficient detail to permit the Commission and other interested parties to determine whether granting the requested waiver is in the public interest.<sup>11</sup>

6. Accordingly, for good cause shown, the Commission grants Petitioners' request for temporary, limited waiver of its capacity release regulations, including the prohibition on buy/sell arrangements, the posting and bidding provisions and shipper-must-have-title requirements but only as necessary to facilitate the described Transaction. Granting these waivers will allow the Petitioners to implement the Transaction in an orderly and efficient manner. In addition, the Commission grants, to the extent necessary, a temporary and limited waiver of the related capacity release tariff provisions of Dominion and Columbia Gas so as to facilitate the capacity release transaction. The Commission will allow the waiver to remain in effect for a 90-day period following issuance of this order.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.

---

<sup>11</sup> *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).