

142 FERC ¶ 61,219
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 22, 2013

In Reply Refer To:
Equitrans, L.P.
Docket Nos. RP13-446-000
RP12-465-000

Equitrans, L.P.
Attention: Paul W. Diehl, Senior Counsel - Midstream
625 Liberty Avenue, Suite 1700
Pittsburgh, PA 15222-3111

Dear Mr. Diehl:

1. On January 14, 2013, Equitrans, L.P. (Equitrans) filed a Stipulation and Agreement of Settlement and its Appendices (Settlement) in the above referenced dockets. On January 22, 2013, Equitrans filed minor corrections to its original filing. As discussed in more detail below, the Commission approves the Settlement, effective April 1, 2013, as requested.
2. Equitrans' pre-existing rates were the product of a settlement resolving its previous section 4 rate case in Docket No. RP05-164 (2006 Settlement).¹ Most notably, the 2006 Settlement established a Pipeline Safety Cost (PSC) tracker, allowing Equitrans to recover costs associated with compliance with the Pipeline Safety Improvement Act of 2002. Under the 2006 Settlement, Equitrans filed annually to update rates under the tracker. The Independent Oil & Gas Association of West Virginia (IOGA) protested or commented on most of these filings, largely out of concern that the PSC rate was increasing considerably each year.
3. In the most recent tracker filing, in Docket No. RP12-465-000, Equitrans proposed to exclude volumes on its expansion facilities from the PSC calculation. IOGA and Philadelphia Gas Works filed protests, and Commission ordered Equitrans to provide additional information.² On June 12, 2012, Equitrans informed the Commission that it

¹ *Equitrans, L.P.*, 115 FERC ¶ 61,007 (2006).

² *Equitrans, L.P.*, 138 FERC ¶ 61,229 (2012).

had begun settlement discussions with the parties, and requested that the Commission defer action so that the parties could resolve all outstanding issues related to the PSC surcharge.

4. Article 1 defines a Settling Party. The Settlement defines a Settling Party as any party that files a document with the Commission expressly supporting or not opposing the Settlement, or any entity that does not file with the Commission concerning this Settlement. The Settlement also mentions that all parties not considered a Settling Party will be a Contesting Party. Equitrans notes they do not expect there to be any Contesting Parties.³

5. Article 2 discusses the new Pipeline Safety Cost Rate as established in this Settlement. As discussed above, as part of this Settlement, Equitrans will eliminate the PSC tracker at issue in Docket No. RP12-465-000, and replace it with fixed PSC rates, effective April 1, 2013. As such, this article of the instant Settlement supersedes Article 5.1 of the 2006 Settlement. The PSC rate will apply to all customers receiving service under Rate Schedules FTS, ITS, STS-1 and NOFT nominating on a point-to-point basis for delivery off Equitrans Mainline System. The PSC rate applied to firm shippers will have a reservation component of \$.8108 per Dth of the contract Maximum Daily Quantity (MDQ), and the usage component is \$.1372 per Dth for gas delivered. The PSC rate applied to overrun and interruptible service is \$.1372 per Dth for gas delivered. The PSC rate is fixed at these levels until superseded by a NGA Section 4 or 5 rate case. Equitrans has the right to discount the PSC rate.

6. Article 3 discusses both the transmission and storage retainage factors. As part of this Settlement, Equitrans will lower its transmission retainage factor from 3.72 percent to 2.72 percent, effective February 1, 2013.⁴ Additionally, the Settlement provides that Equitrans will no longer track recovery of base storage gas as provided for under Article 3.2 of the 2006 Settlement. Also, Equitrans has the burden of proof with regard to the volume and cost of storage base gas in its next Section 4 rate filing. Finally, the transmission and storage retainage factors established here will remain effective for a minimum of three years, ending December 31, 2015.⁵

7. Article 4 provides for a general Section 4 rate case moratorium. Equitrans will not file a rate case before October 1, 2015 and such rate case will not place new transmission

³ Settlement at P 1.2.

⁴ Equitrans will refund the difference in kind for volumes between 3.72 percent and 2.72 percent upon the Settlement becoming effective, back to February 1, 2013. Settlement at P 3.1.

⁵ Article 3 of the instant Settlement supersedes Article 3 of the 2006 Settlement.

or storage retainage factors into effect prior to April 1, 2016. No NGA Section 5 base rate change for Equitrans rates applicable to Settling Parties (or their successors, assigns, and/or affiliates) may be filed before December 31, 2015.

8. Article 5 provides the Settlement's provisions are not severable and become effective April 1, 2013, upon Commission approval of the Settlement without condition or modifications that materially and adversely affect the Settling Party as determined by the Settling Party. Additionally, the Settlement states that its benefits are prospective only, except as otherwise provided in the Settlement.

9. Article 6 provides for common legal reservations. It declares the standard of review for all parties to be the just and reasonable standard.

10. Pursuant to Rule 214,⁶ all timely filed motions to intervene and any unopposed motion to intervene out-of-time filed before this order issues are granted. No party filed a protest or adverse comments. IOGA filed comments in support.

11. We find the unopposed Settlement to be fair and reasonable and in the public interest. As IOGA states in its comments, replacing the tracker with a fixed, settled rate eliminates a longstanding area of dispute. It will allow Equitrans to recover its pipeline safety costs while providing lower rates to shippers. Accordingly, the Settlement is approved, subject to Equitrans filing actual tariff records within 30 days of the date this order issues to match the *pro forma* tariff records filed on January 14, 2013, as corrected on January 22, 2013.

By direction of the Commission

Kimberly D. Bose,
Secretary.

⁶ 18 C.F.R. § 385.214 (2012).