

Rover Pipeline LLC  
FERC Docket No. CP15-93-000  
Rover Pipeline Project  
Response to a FERC Data Request issued October 19, 2016  
Filed October 25, 2016

ENCLOSURE

1. Non-conforming provisions in precedent agreements signed by Rover and certain shippers were made public in response to staff's October 7, 2015 data request. These provisions include an agreement with Shipper G providing that, subject to Rover's tariff, Rover will release to Shipper G for periods of one month or less up to 200,000 Dth/d of Rover's capacity on Panhandle and Trunkline for deliveries to Shipper G at the maximum rates provided in Panhandle's and Trunkline's respective tariffs. The application failed to provide an explanation of the mechanics of the capacity release provision. Please provide further explanation of how the capacity release will operate, and how it is consistent with the Commission's capacity release and off-system capacity policies.

Response:

As set out in GT&C Section 27 of Rover's proposed FERC Gas Tariff, Rover has entered into agreements, and may enter into additional agreements, with other pipeline systems for off-system capacity. GT&C Section 27 also states that Rover will provide service to its shippers with the off-system capacity pursuant to Rover's open access tariff subject to its Commission approved rates, as such rates may change from time to time. This is consistent with the Commission's policy "requirement that the pipeline treat the acquired capacity as though it were a part of its own system." *Texas Eastern Transmission Corp.*, 93 FERC ¶ 61,273 at 61,885-86 (2000).

Commission policy also allows a pipeline acquiring off-system capacity to release such capacity. Any release of such off-system capacity, however, will be governed by the off-system pipeline's tariff. The Commission has held that "the acquiring pipeline should be permitted to release the capacity pursuant to the off-system pipeline's tariff." *Columbia Gas Transmission, LLC*, 131 FERC ¶ 61,093 at P 37 (2010). Therefore, any capacity release by Rover to Shipper G of off-system capacity will be governed by, as applicable, Panhandle's or Trunkline's capacity release tariff provisions in the same manner as a capacity release by any other shipper on Panhandle or Trunkline. See GT&C Section 15 of Panhandle's FERC Gas Tariff; and GT&C Section 9 of Trunkline's FERC Gas Tariff. The Commission consistently has held that

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when a pipeline desires to release capacity on an off-system pipeline, “it is similarly situated to other shippers on the off-system pipeline and subject to the same rules.” *Texas Eastern Transmission Corp.*, 94 FERC ¶ 61,139 at 61,530 (2001); *see also Columbia Gas Transmission, LLC*, 131 FERC ¶ 61,093 at P 34 (2010) (“[I]t is consistent with Commission policy to permit pipelines acquiring off-system capacity to release that capacity pursuant to the Commission’s § 284.8 capacity release regulations and the provisions of the off-system pipeline’s tariff in the same manner as any other holder of capacity on the off-system pipeline.”); *Columbia Gas Transmission Corp.*, 93 FERC ¶ 61,064 at 61,177 (2000) (“We see no reason to treat Columbia differently from other shippers on Tennessee and National Fuel with respect to releasing its capacity[.]”); *Tennessee Gas Pipeline Co.*, 96 FERC ¶ 61,045 at 61,112 (2001) (Commission held that it is appropriate “to allow Tennessee to be treated like other shippers holding capacity.”).

Rover agreed in the Shipper G negotiated rate agreement to make short-term prearranged releases at maximum rates on up to 200,000 MMBtu/day of Panhandle and Trunkline capacity held by Rover to make deliveries for Shipper G under its agreement to Trunkline Zone 1A. Section 284.8 of the Commission’s regulations (as well as GT&C Section 15 of Panhandle’s FERC Gas Tariff and GT&C Section 9 of Trunkline’s FERC Gas Tariff) explicitly allow for such short-term prearranged capacity releases, subject to other regulations including Section 284.8(h)(2)’s restriction on roll overs or extensions. *See* 18 C.F.R. § 284.8(b)(1) (“A firm shipper may arrange for a replacement shipper to obtain its released capacity from the pipeline.”). In addition, both Commission regulations and the off-system pipelines’ tariffs permit the releasing shipper to place certain conditions on a capacity release. *See* 18 C.F.R. § 284.8(c).

A short-term prearranged release at maximum rates to Shipper G of up to 200,000 MMBtu/day will not have any adverse impact on other shippers. That is so because the release of any such capacity matches up to the off-system capacity held by Rover to make deliveries for Shipper G under its agreement to Trunkline Zone 1A. Therefore, this nonconforming provision will not affect the quality of service to be

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received by any other shipper on Rover and does not present any risk of undue discrimination. In the context of a precedent agreement for a new project, the Commission recently approved a nonconforming provision in a shipper's service agreement providing for prearranged temporary releases of a pipeline's off-system capacity with respect to the off-system capacity held by the pipeline to provide service to its shipper. *Columbia Gas Transmission, LLC*, 157 FERC ¶ 61,006 at PP 5, 10 (Oct. 4, 2016). For any other releases of off-system capacity with its shippers, Rover will do so on a not unduly discriminatory basis.

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