

**UNITED STATES OF AMERICA**  
**BEFORE THE**  
**FEDERAL ENERGY REGULATORY COMMISSION**

In the Matter of  
Rover Pipeline LLC

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Docket No. CP15- \_\_\_\_\_ -000

**APPLICATION OF ROVER PIPELINE LLC**  
**FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

VOLUME I

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facilities; and other ancillary facilities (all facilities collectively referred to as the “Rover Pipeline” or “Project”); (b) approval of the *pro forma* FERC NGA Gas Tariff (“Tariff”) submitted herewith, which includes the authority to enter into negotiated rate agreements; and (c) approval of the initial recourse rates for service; and

(2) Blanket certificates authorizing Rover to: (a) engage in certain self-implementing routine activities pursuant to blanket certificate authority under Part 157, Subpart F of the Commission’s regulations;<sup>5</sup> and (b) transport natural gas on an open-access and self-implementing basis under Part 284, Subpart G of the Commission’s regulations.<sup>6</sup>

Rover also requests any waivers that may be necessary for approval of the Application and the services proposed herein, including waiver of the Commission’s shipper-must-have-title policy in order for Rover to acquire off-system capacity on third-party pipeline systems consistent with Commission policy.<sup>7</sup>

Rover respectfully requests that the Commission issue a final order approving the authorizations requested herein by no later than November 2015. Granting the requested authorizations by November 2015 will allow Rover to commence construction in a timely manner and place in service certain Supply Laterals and Mainlines A and B to a new market interconnection hub known as the “Midwest Hub” in Defiance County, Ohio, by December 2016 to meet the natural gas production schedules and delivery obligations of Rover’s producer-shippers in accordance with the executed precedent agreements. As discussed below, Rover’s contractual commitments further require that it construct and place in service by June 2017 the

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<sup>5</sup> 18 C.F.R. Part 157, Subpart F.

<sup>6</sup> *Id.* at Part 284, Subpart G.

<sup>7</sup> *See Tex. E. Transmission Corp.*, 93 FERC ¶ 61,273 (2000), *reh’g & clarification denied*, 95 FERC ¶ 61,056 (2001).

remaining Supply Laterals and the Market Segment facilities commencing at the Midwest Hub and running to the pipeline terminus at an interconnect with Vector.

In support of this Application and pursuant to the Commission's regulations, Rover respectfully submits the following:

## **I. EXECUTIVE SUMMARY**

The Rover Pipeline originated as a result of discussions with producers in the Marcellus and Utica Shale supply areas of West Virginia, Pennsylvania and Ohio that were seeking a means to move their stranded natural gas production to markets in the Midwest and Canada as expeditiously as possible. As reflected in this Application, Rover proposes to meet the long-haul transportation needs of these producer-shippers through a combination of new greenfield pipeline construction and the acquisition of existing off-system capacity.

More specifically, Rover proposes to construct, own, and operate a new interstate natural gas pipeline system to include approximately 711 miles of Supply Laterals and Mainlines, and related compression and metering facilities, from the Marcellus and Utica shale supply areas in West Virginia, Pennsylvania, and Ohio to a point of interconnection with the Vector pipeline system in Livingston County, Michigan.

The Rover Pipeline is designed with dual 42-inch pipelines with the capacity to transport up to 3.25 Bcf/day of natural gas from the beginning of Mainlines A and B near the City of Leesville, in Carroll County, Ohio, to the Midwest Hub. Rover will install delivery meters at the Midwest Hub to deliver gas into Panhandle Eastern Pipe Line Company, L.P. ("Panhandle") and ANR Pipeline Company ("ANR"). To facilitate a seamless transportation path for its shippers in its Market Zone South in a cost-effective manner that minimizes duplication of facilities and environmental impacts, Rover has executed precedent agreements with Panhandle and Trunkline

Gas Company, LLC (“Trunkline Gas”) for firm transportation capacity.<sup>8</sup> By using existing capacity on the Panhandle and Trunkline Gas pipelines, Rover will deliver approximately 750,000 dekatherms per day (“Dth/day”) to Panhandle, which will redeliver volumes via backhaul to Trunkline Gas’ Zone 1A.<sup>9</sup> Rover will also be capable of delivering up to approximately 1.7 Bcf/day to ANR.

From the Midwest Hub, the Rover Pipeline is designed with a single 42-inch pipeline—the Market Segment—with the capacity to transport up to 1.3 Bcf/day of natural gas to a proposed interconnection with the Vector system in Livingston County, Michigan. Rover has executed a joint precedent agreement with Vector and its interconnected affiliated pipeline, Vector Pipeline Limited Partnership (“Vector Canada”), for up to 950,000 Dth/day of firm transportation capacity in order that Rover may provide transportation service to those producer-shippers in its Market Zone North requesting deliveries in Michigan under Rover’s Rate Schedules FTS and ITS, as well as deliveries to the Union Gas Dawn Hub in Ontario, Canada (“Dawn Hub”). Additionally, Rover has contracted with Panhandle to deliver additional volumes to the U.S./Canada International Boundary at the Union Ojibway interconnect for further redelivery to the Dawn Hub via the Union Gas Limited system.

Rover is also installing an interconnect in the Supply Zone that will be capable of making deliveries into the CGT system in Doddridge County West Virginia to allow for service to markets in the Gulf Coast, Southeast and East Coast.

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<sup>8</sup> All associated off-system transportation costs for transportation service rendered in the U.S. will be recovered by Rover through its recourse rates. Fuel costs will be a direct charge to the shipper. The precedent agreements executed by Rover for off-system transportation are being submitted as Privileged Information in Exhibit Z-2 hereto.

<sup>9</sup> Panhandle and Trunkline are filing applications concurrently for authorization to construct and operate compression modifications to allow for backhaul transportation. See Section XV. Also, see attached Trunkline Gas Tariff Map included in Exhibit Z-1 hereto.

In its pre-filing request filed in Docket No. PF14-14-000,<sup>10</sup> Rover had initially indicated its intent to build, among other facilities, a 42-inch pipeline from the Midwest Hub to the Dawn Hub. However, on January 27, 2015, Rover executed a precedent agreement with Vector and Vector Canada for firm transportation service of up to 950,000 Dth/day for deliveries in Michigan and at the Dawn Hub. Rover entered into this transportation arrangement with Vector and Vector Canada for several reasons. First, it enables Rover to avoid construction of approximately 110 pipeline miles in Michigan and approximately 14 pipeline miles in Canada, and the associated impacts to the regions' environmental resources, residences, and private property. Second, Rover's transportation of a portion of its shippers' gas on the Vector system maximizes the use of available and existing pipeline capacity, and enables Rover to take advantage of Vector's existing connections with local distribution companies, vast Michigan storage facilities, and other end users in Michigan and Chicago, as well as Vector Canada's interconnection with the Dawn Hub.<sup>11</sup> Finally, along with providing producer-shippers enhanced market outlets, Rover's use of capacity on Vector and Vector Canada will provide these regions with enhanced access to the abundant supply of natural gas originating from the Marcellus and Utica shale supply areas.

While natural gas deliveries in Canada are beyond the Commission's jurisdiction, in order to provide the Commission a complete picture of the wide-ranging benefits of the Project, Rover notes that producer-shippers taking their gas to the Dawn Hub will have multiple options

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<sup>10</sup> Request to Initiate the FERC Pre-Filing Review Process, *ET Rover Pipeline Co. LLC*, FERC Docket No. PF14-14-000 (June 26, 2014).

<sup>11</sup> Vector's Michigan and Vector Canada's Ontario delivery points are as follows: Bluewater Gas Storage (Lenox, Michigan); Consumers Energy Company (Hartland, Michigan); Consumers Energy Company (Ray, Michigan); DTE Gas Company (Belle River Mills, Michigan); DTE Gas Company (Milford Junction, Michigan); Jackson, Michigan (550 MW); DTE Gas Company (Belle River Mills, Michigan); DTE Gas Company (Milford Junction, Michigan); Jackson, Michigan (550 MW); Washington 10 (Romeo, Michigan); Greenfield Energy Centre, Ontario (1010 MW); Union (Dawn, Ontario); Union (Courtright, Ontario); and Enbridge Gas Distribution (Sombra, Ontario).

concerning final placement and pricing of their gas. At the Dawn Hub their gas can be: (1) stored at multiple facilities in the area; (2) sold in the local Canadian market; (3) sent to U.S. Northeast markets on TransCanada Corporation pipelines; or (4) sent back into the local Michigan or Chicago markets on other pipelines from the Dawn Hub.

The Rover Pipeline represents an approximately \$4.22 billion capital investment in much-needed U.S. energy infrastructure that: (1) responds to market demand for additional firm take-away capacity from the Marcellus and Utica shale supply areas, as evidenced by the significant long-term 15 and 20-year contractual commitments to the Project by producer-shippers; (2) supports overall development of domestic natural gas resources, thereby ensuring domestic energy supplies can grow to meet energy and related national security needs in the United States; and (3) enhances the reliability of the interstate natural gas pipeline grid in a geographic region that serves as a critical junction between sources of natural gas production from the Marcellus and Utica shale supply areas and market demand in the Midwest, Michigan, Gulf Coast, Canadian, and U.S. Northeast markets.

The proposed construction and in-service schedules for the Rover Pipeline are driven by the take-away capacity needs of Marcellus and Utica shale gas producer-shippers that have committed to the Project. In an effort to begin addressing these needs at the earliest date possible, Rover proposes to commence service on a portion of the Supply Laterals (the Seneca, Clarington, and Cadiz Laterals) and the entirety of Mainlines A and B to the Midwest Hub by December 2016. The second construction phase of the Project, which entails construction of those facilities from the Midwest Hub to the interconnection with Vector, as well as the remaining Supply Laterals, is scheduled to be completed and placed in service by June 2017. Significant resources have been expended to date and committed for future expenditure by Rover

and its producer-shippers based on an in-service date of December 2016 for the Supply Laterals and Mainlines A and B. Because an in-service date of December 2016 is critical to certain shipper commitments, Rover is requesting issuance of the certificate authorization as proposed herein by November 2015.

Rover is aware that it is proposing an ambitious schedule, and that the Commission requires a complete record in order to meet this schedule. Through its participation in the Commission's Pre-Filing Review Process, Rover has identified and resolved many issues of potential concern, such as route alternatives, environmental matters, and special construction needs. Most notably, Rover has entered into a precedent agreement with Vector and Vector Canada that will enable Rover to meet its commitments to its shippers in an efficient, cost-effective manner that eliminates duplication of facilities and minimizes environmental impacts. Rover is committed to continuing to engage with stakeholders in order to address and resolve issues as they may arise, and thus to facilitate the Commission's review of the Project. The Environmental Report, included herewith as Exhibit F-I, demonstrates that the Rover Pipeline has been sited first to avoid, and then to minimize environmental impacts, as well as to minimize landowner impacts.

The Environmental Report also demonstrates that the Rover Pipeline has been designed using state-of-the-art construction techniques and equipment to satisfy all applicable safety and security requirements, and to minimize impacts on the environment. In particular, Rover has undertaken to design the Project so that it may operate in a manner that minimizes air emissions, including emissions of greenhouse gases. Finally, the Project satisfies the policy goals established in the Commission's Certificate Policy Statement ("FERC Policy Statement")

addressing new interstate natural gas pipeline facilities.<sup>12</sup> Because Rover is a new pipeline company, it has no existing customers who may be adversely affected by costs or risks of recovery of costs of the proposed Rover Pipeline facilities. The economic risks of the Project will be borne fully by Rover.

For the foregoing reasons, and as described more fully herein, the Project is required by the public convenience and necessity in satisfaction of the requirements of NGA Section 7(c).<sup>13</sup> Accordingly, Rover requests that the Commission grant all authorizations required to construct, own, and operate the Rover Pipeline as proposed herein by November 2015.

## **II. INFORMATION REGARDING THE APPLICANT**

The exact legal name of the applicant is Rover Pipeline LLC. Rover is a limited liability company that is organized and exists under the Delaware Limited Liability Act, with its principal offices located at 1300 Main Street, Houston, Texas 77002. Rover is jointly owned by ET Rover Pipeline, LLC (“ET Rover”), and AE-Midco Rover, LLC and AE-Midco Rover II, LLC. ET Rover is the majority interest owner, developer, and will be the operator of the Project.

Rover currently does not own any pipeline facilities, nor is it currently engaged in any natural gas transportation operations. Upon acceptance of the certificate authority sought in this Application and the commencement of service authorized thereunder, Rover will be subject to the Commission’s jurisdiction under the NGA as a natural gas company. Rover will provide

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<sup>12</sup> *Certification of New Interstate Natural Gas Pipeline Facilities*, 88 FERC ¶ 61,227 (1999); *Order Clarifying Statement of Policy*, 90 FERC ¶ 61,128 (2000); *Order Further Clarifying Statement of Policy*, 92 FERC ¶ 61,094 (2000).

<sup>13</sup> 15 U.S.C. § 717f(c).

transportation service pursuant to its Tariff on an open-access and self-implementing basis under Part 284, Subpart G of the Commission's regulations.<sup>14</sup>

### **III. CORRESPONDENCE AND COMMUNICATIONS**

The names, titles, mailing addresses, telephone numbers and email addresses of those persons to whom all communications concerning this Application are to be directed are:

Mr. Stephen T. Veatch<sup>15 16</sup>  
Senior Director, Certificates,  
Energy Transfer Partners, L.P.  
1300 Main Street  
Houston, Texas 77002  
(713)-989-2024  
[Stephen.Veatch@energytransfer.com](mailto:Stephen.Veatch@energytransfer.com)

Mr. Michael Langston<sup>16</sup>  
Vice President & Chief Regulatory Officer  
Energy Transfer Partners, L.P.  
1300 Main Street  
Houston, Texas 77002  
(713)-989-7610  
[Michael.Langston@energytransfer.com](mailto:Michael.Langston@energytransfer.com)

Mr. Kelly Allen<sup>16</sup>  
Manager, Regulatory Affairs  
Energy Transfer Partners, L.P.  
1300 Main Street  
Houston, Texas 77002  
(713) 989-2606  
[Kelly.Allen@energytransfer.com](mailto:Kelly.Allen@energytransfer.com)

Mr. Joey Mahmoud<sup>16</sup>  
Senior Vice President, Engineering  
Energy Transfer Partners, L.P.  
1300 Main Street  
Houston, Texas 77002  
(713)-989-2710  
[Joey.Mahmoud@energytransfer.com](mailto:Joey.Mahmoud@energytransfer.com)

Ms. Lisa M. Tonery<sup>16</sup>  
Ms. Tania S. Perez  
Norton Rose Fulbright US LLP  
666 Fifth Avenue  
New York, N.Y. 10103  
(212) 318-3009  
[lisa.tonery@nortonrosefulbright.com](mailto:lisa.tonery@nortonrosefulbright.com)  
[tania.perez@nortonrosefulbright.com](mailto:tania.perez@nortonrosefulbright.com)

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<sup>14</sup> 18 C.F.R. Part 284, Subpart G.

<sup>15</sup> Designated as the responsible Rover official under Rule 154.7(a)(2) of the Commission's regulations, *id.* at § 154.7(a)(2).

<sup>16</sup> Designated to receive service pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, *id.* at § 385.2010. Rover respectfully requests that the Commission waive Rule 385.203(b)(3), *id.* at § 385.203(b)(3), in order to allow Rover to include each of the designated representatives on the official service list.

**IV.  
DESCRIPTION OF FACILITIES**

The Rover Pipeline will consist of approximately 711 miles of 24-inch, 30-inch, 36-inch, and 42-inch pipelines in West Virginia, Pennsylvania, Ohio, and Michigan, with associated surface facilities that include compressor stations, metering and regulating stations, and other ancillary facilities.

**A. Pipelines**

The Project’s proposed pipelines consist of ten Supply Laterals and three Mainlines (Mainlines A and B, and the Market Segment). Generally, the Supply Laterals will deliver gas from receipt points in the Marcellus and Utica shale supply areas in West Virginia, Pennsylvania, and Ohio to delivery points along Mainlines A and B, which will run parallel (for most of their length) from Harrison County, Ohio to the Midwest Hub in Defiance County, Ohio. The Market Segment will run from the Midwest Hub north to the interconnection with Vector in Livingston County, Michigan. The proposed pipelines are depicted on the General Project Location Map included as Exhibit F hereto. Proposed pipeline lengths and diameters are summarized in the following table.

<b>Pipelines</b>		
<b>Pipeline Segment</b>	<b>Pipeline Diameter (inches)</b>	<b>Approximate Length (mi)</b>
Supply Laterals	24, 30, 36, and 42	237.3
Mainline A	42	190.6
Mainline B	42	183.3
Market Segment	42	100.0
<b>Total Pipeline Miles</b>		<b>711.2</b>
Mainlines A and B will be installed approximately 20 feet apart.		

Specifically, the Supply Laterals will consist of approximately 237 miles of 24-inch, 30-inch, 36-inch and 42-inch pipelines, and will receive processed natural gas at the tailgate from various processing plants, or from interconnects with other pipeline systems.<sup>17</sup> These processed natural gas supplies will be pressurized at supply compressor stations, which will move the gas into Mainlines A and B at the Mainline Compressor Station 1 in Carroll County, Ohio.

Mainlines A and B will include approximately 374 miles of dual 42-inch diameter pipelines to be installed in the same right-of-way approximately 20 feet apart. They will commence at the tailgate of Mainline Compressor Station 1, where the gas stream in Mainlines A and B will be pressurized up to a Maximum Operating Pressure of 1,440 pounds per square inch gauge, and the total capacity will be up to 3.25 Bcf/day to the Midwest Hub.<sup>18</sup> From Mainline Compressor Station 1, the gas will be moved to Mainline Compressor Station 2 in Wayne County, Ohio, then onward to Mainline Compressor Station 3 in Crawford County, Ohio, and then to the Midwest Hub. At the Midwest Hub, Rover will have delivery facilities at interconnects with Panhandle and ANR. The Panhandle and ANR metering facilities will consist of metering, regulating, and other components capable of delivering up to 1.1Bcf/day and 1.7 Bcf/day, respectively.

Exiting the Midwest Hub, the Rover Pipeline will downsize to a single 42-inch diameter, approximately 100-mile pipeline with a total capacity of 1.3 Bcf/day, designated as the Market Segment. The Market Segment will commence at the Midwest Hub, extend north into Livingston County, Michigan, and terminate at the interconnection with Vector. The Market Segment will include construction of a delivery meter station and interconnect with Vector.

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<sup>17</sup> All natural gas delivered into Rover Pipeline will be processed natural gas in compliance with the quality standards under the General Terms and Conditions of Rover's Tariff.

<sup>18</sup> Mainline B terminates approximately 7.3 miles east of the Midwest Hub, at which point it crosses over and interconnects with Mainline A.

**B. Compression**

Rover proposes to construct six compressor stations on the Supply Laterals, three compressor stations on Mainlines A and B, and one compressor station on the Market Segment. The proposed compressor stations are depicted on the General Project Location Map included as Exhibit F hereto. The six Supply Lateral compressor stations will have a total nameplate rating of 72,645 horsepower (“HP”), and will be located near the receipt point of the corresponding Supply Lateral, to ensure system pressure for the gas streams entering Mainlines A and B in Carroll County, Ohio. The four compressor stations along Mainlines A and B and the Market Segment will have a total nameplate rating of 140,775 HP. Facilities at each compressor station site will include natural gas-fired compressors, a compressor building with acoustic mitigation if required, an office/control/utility building, a storage/maintenance building, gas and utility piping, separators, gas coolers and heaters (at some locations), safety equipment, an emergency generator, and parking areas. Proposed compressor station locations and nameplate capacities are summarized in the following table.

<b>Compressor Station Facilities</b>			
<b>Pipeline Segment</b>	<b>Station Name</b>	<b>County, State</b>	<b>Nameplate Rating (HP)</b>
<b>Supply Laterals</b>			
Sherwood Lateral	Sherwood Compressor Station	Doddridge, WV	14,205
Seneca Lateral	Seneca Compressor Station	Noble, OH	18,940
Clarrington Lateral	Clarrington Compressor Station	Monroe, OH	11,245
Majorsville Lateral	Majorsville Compressor Station	Marshall, WV	7,100
Cadiz Lateral	Cadiz Compressor Station	Harrison, OH	15,980
Burgettstown Lateral	Burgettstown Compressor Station	Washington, PA	5,175
<b>Supply Laterals Subtotal</b>			<b>72,645</b>

<b>Compressor Station Facilities</b>			
<b>Pipeline Segment</b>	<b>Station Name</b>	<b>County, State</b>	<b>Nameplate Rating (HP)</b>
<b>Mainlines A and B</b>			
Mainlines A and B	Mainline Compressor Station 1	Carroll, OH	42,190
Mainlines A and B	Mainline Compressor Station 2	Wayne, OH	38,745
Mainlines A and B	Mainline Compressor Station 3	Crawford, OH	34,010
<b>Mainlines A and B Subtotal</b>			<b>114,945</b>
Market Segment	Defiance Compressor Station	Defiance, OH	25,830
<b>Project Total</b>			<b>213,420</b>

**C. Receipt and Delivery Meter Facilities**

Nineteen meter stations consisting of eleven receipt meters, six delivery meters, and two bidirectional meters will be installed to measure the receipt and delivery of natural gas, and will be sized based upon anticipated volume flow. Seven of the nineteen meter stations will be installed within the new compressor station locations, while the remaining twelve will be installed adjacent to or within the permanent pipeline right-of-way on land that will be acquired for operation of the facilities. Fifteen of the nineteen meter stations will be located along the Supply Laterals, including eleven receipt meters that will be located either at the tailgate of processing plants or at interconnects with intrastate pipeline systems that collect processed natural gas supplies requiring long-haul transportation to market hubs. The receipt and delivery meters are sized based upon anticipated volume flow. The six delivery meters (two along the Supply Laterals and four along the Mainlines) will be installed at interconnects with CGT, the Rockies Express Seneca Lateral, Panhandle, ANR, Consumers Energy Company, and Vector. The two bidirectional meters will be installed at the Clarington Compressor Station on the Clarington Lateral. Specific locations are provided in Table 1.3-4 of Resource Report 1, General

Project Description, provided as part of the Environmental Report that is included as Exhibit F-1 hereto.

Typical equipment installed at each meter station will include a supply line, emergency bypass line, meter runs, pressure regulation, overpressure protection, gas heaters, control buildings, and a discharge line. Electrical power will be provided for building cooling, lighting, ventilation, and control equipment. A small satellite dish may be installed for Supervisory Control and Data Acquisition (“SCADA”). Telephone or cellular service also will be required for voice communications and SCADA backup.

#### **D. Construction Schedule**

Rover plans to commence construction in January 2016, pending receipt of all applicable permits and clearances. In order to meet the production and delivery schedules of its shippers, a portion of the Supply Laterals and Mainlines A and B are scheduled to be placed in service in December 2016. The Market Segment and the remaining Supply Laterals are scheduled to be placed in service no later than June 2017.

Specific descriptions and locations of the proposed Project facilities, as well as of the construction and installation activities, are set forth in Resource Report 1, General Project Description, provided as part of the Environmental Report that is included as Exhibit F-1 hereto.

### **V. MARKET DEMAND AND OPEN SEASON**

Development of the Rover Pipeline has been driven by significant increases in domestic natural gas production, specifically in the Marcellus region. Rover has entered into precedent agreements with nine producers, so that the Project is currently subscribed through 15- and 20-year contracts to transport 3.1 Bcf/day of the 3.25 Bcf/day available capacity.

## A. Overview of the Marcellus Shale Gas Supply

Natural gas produced in the Marcellus Shale formation, primarily in Pennsylvania and West Virginia, accounts for almost 40% of all U.S. shale gas production, and has increased significantly over the past four years, from 2 Bcf/day in 2010 to roughly 15 Bcf/day in 2014.<sup>19</sup> The Marcellus region is now the largest producing basin in the United States; it is estimated that production will exceed 16.5 Bcf/day in February 2015.<sup>20</sup> Natural gas marketed production in 2013 in Pennsylvania alone averaged nearly 9 Bcf/day, second only to Texas among U.S. states.<sup>21</sup>

Indeed, Marcellus production growth has outpaced growth in the region's available pipeline takeaway capacity. As a result, natural gas prices have been affected:

Price hubs in the central and northeast portions of the Marcellus region, where natural gas production has been higher, and pipeline capacity to bring it to other markets has been more limited, have seen lower prices compared to hubs around southern and western portions of the Marcellus. The large amount of backed-up supply also makes Appalachian spot prices more volatile, and can cause them to drop by as much as \$1 [per million British Thermal Units ("MMBtu")] on moderate temperature days when Northeast demand is low.<sup>22</sup>

Further, "[p]roduction in the Marcellus region surpassed winter demand for natural gas in Pennsylvania and West Virginia several years ago, and is now on track to be enough to equal the demand in those states plus New York, New Jersey, Delaware, Maryland, and Virginia combined."<sup>23</sup>

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<sup>19</sup> U.S. Energy Info. Admin. ("EIA"), *Today in Energy: Marcellus Region Production Continues Growth* (Aug. 5, 2014), <http://www.eia.gov/todayinenergy/detail.cfm?id=17411> (last visited Jan. 16, 2015).

<sup>20</sup> See EIA, *Drilling Productivity Report: For Key Tight Oil and Shale Gas Regions*, 6 (Jan. 2015), [http://www.eia.gov/petroleum/drilling/archive/dpr\\_jan15.pdf](http://www.eia.gov/petroleum/drilling/archive/dpr_jan15.pdf) (last visited Feb. 11, 2015).

<sup>21</sup> See EIA, *Natural Gas Gross Withdrawals and Production: Marketed Production*, [http://www.eia.gov/dnav/ng/ng\\_prod\\_sum\\_a\\_epg0\\_vgm\\_mmcfa.htm](http://www.eia.gov/dnav/ng/ng_prod_sum_a_epg0_vgm_mmcfa.htm) (last visited Jan. 16, 2015).

<sup>22</sup> EIA, *Today in Energy: Some Appalachian Natural Gas Spot Prices Are Well Below the Henry Hub National Benchmark* (Oct. 15, 2014), <http://www.eia.gov/todayinenergy/detail.cfm?id=18391> (last visited Jan. 16, 2015).

<sup>23</sup> See EIA, *Today in Energy: Marcellus Region Production Continues Growth* (Aug. 5, 2014), <http://www.eia.gov/todayinenergy/detail.cfm?id=17411> (last visited Jan. 16, 2015).

These market dynamics are expected to dramatically alter natural gas transportation patterns in the United States. The EIA, in its *Annual Energy Outlook 2014* (“AEO 2014”), recognized the need for Marcellus supply to be transported to other markets. Per *AEO 2014*, “Marcellus shale gas production could provide up to 39% of the natural gas needed to meet demand in markets east of the Mississippi River [from 2022 to 2025]—up from 16% in 2012.”<sup>24</sup> Marcellus natural gas production exceeds 100% of the *AEO 2014* Reference Case’s projected demand for the New England and Mid-Atlantic regions from 2016 through 2040, and by more than 1.0 trillion cubic feet during the peak production period (2022–2025).<sup>25</sup>

## **B. Open Season for the Rover Pipeline**

Rover representatives met with potential shippers to explore their interest in supporting new natural gas pipeline infrastructure serving the Marcellus and Utica shale supply areas. As a result of these discussions, Rover initially executed eight precedent agreements that included pre-arranged conforming bids. These initial eight executed precedent agreements were for terms of 15 or 20 years, and substantially subscribed the proposed pipeline capacity. Rover subsequently conducted a thirty-day binding Open Season commencing on June 26, 2014. The results of this Open Season did not yield any additional executed precedent agreements. Both negotiated and recourse rates were offered. After the end of the Open Season, Rover continued to solicit interest for capacity on the Project; and, on October 30, 2014, Rover announced that it had secured an additional long term binding precedent agreement. As a result of executed precedent agreements, the Rover Pipeline Project is subscribed to 3.1 Bcf/day with 15- and 20-

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<sup>24</sup> EIA, *Annual Energy Outlook 2014 with Projections to 2040*, MT-25 (Apr. 2014), available at [http://www.eia.gov/forecasts/aeo/pdf/0383\(2014\).pdf](http://www.eia.gov/forecasts/aeo/pdf/0383(2014).pdf).

<sup>25</sup> *Id.*

year contracts. Rover anticipates the remaining 0.15 Bcf/day of firm capacity will be subscribed to in the near future.

Exhibit I contains copies of the executed precedent agreements. Rover is filing the precedent agreements as Privileged and Confidential information, and requests such treatment pursuant to Section 388.112 of the Commission's regulations.<sup>26</sup>

## **VI. PRECEDENT AGREEMENTS**

The precedent agreements that support the Rover Pipeline are the product of extensive negotiations with producer-shippers in a highly competitive environment. As with any pipeline project that is linked directly to natural gas supply, producer-shippers in the Marcellus and Utica shale supply areas have sought those transportation service options that best address the specific circumstances and requirements of each shipper, and provide the contractual incentives necessary for each of them to make a binding commitment to the Rover Pipeline. Ultimately, Rover and its shippers were able to secure the contractual foundations for the Project.

Recognizing the magnitude of the Project, and the consequent need to secure large capacity commitments, Rover designed its open season to provide incentives for shippers to make large, long-term firm transportation commitments. Thus, the open season offered greater benefits, in terms of transportation rate and other rate-related contractual benefits, to shippers based on the quantity of firm transportation commitment. Precedent agreements for the Rover Pipeline were accordingly entered into with four categories of shippers (collectively, the "Initial Shippers"). (All potential shippers were provided an equal opportunity in the open season to

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<sup>26</sup> 18 C.F.R. § 388.112 (2014).

obtain the benefits and rights of each shipper category.) The four categories of Initial Shippers are:

- Cornerstone Shipper: a shipper that has contracted, prior to the in-service date of the Rover Pipeline, for capacity commitments equal to 500,000 Dth/day or more for a primary term of at least 15 years;
- Foundation Shipper: a shipper that has contracted, prior to the in-service date of the Rover Pipeline, for capacity commitments equal to 150,000 Dth/day or more for a primary term of at least 20 years;
- Anchor Shipper: a shipper that has contracted, prior to the in-service date of the Rover Pipeline, for capacity commitments equal to 100,000 Dth/day or more for a primary term of at least 15 years;
- Negotiated Rate Shipper: a shipper that has contracted, prior to the in-service date of the Rover Pipeline, for capacity and does not meet the criteria to be a Cornerstone, Anchor Shipper, or Foundation Shipper.

#### **A. Initial Shipper Rights**

The precedent agreements generally afforded the following rights to each category of Initial Shipper:

##### **1. Cornerstone Shipper Rights**

Generally, the most beneficial negotiated reservation rates and rate-related contractual rights were granted to Cornerstone Shippers. An executed precedent agreement was considered as a prearranged conforming bid that was not subject to prorationing during the open season. Cornerstone Shippers were also given the option to increase their maximum daily quantity (“MDQ”) up to a specified amount by a certain date. In addition, Cornerstone Shippers were granted Most Favored Nations Status, as more fully described below. As with other categories of Initial Shippers, the precedent agreements for Cornerstone Shippers included a form of negotiated rate agreement providing a fixed negotiated reservation rate and fixed negotiated commodity rate in lieu of the otherwise effective maximum reservation rate and maximum commodity rate, respectively. The form of negotiated rate agreement included a right of first

refusal (“ROFR”) at the end of the FTS agreement’s primary term or any extension thereof, and also included a fuel cap as more fully described below.

## **2. Foundation Shipper Rights**

For Foundation Shippers, an executed precedent agreement was likewise considered as a prearranged conforming bid that was not subject to prorationing during the open season. Foundation Shippers were given the opportunity to participate in the design of the sizing of metering facilities. They were granted a ROFR, and their form of negotiated rate agreements provided for a fixed negotiated reservation rate and fixed negotiated commodity rate, as well as for a fuel cap.

## **3. Anchor Shipper Rights**

For Anchor Shippers, an executed precedent agreement was again considered as a prearranged conforming bid that was not subject to prorationing during the open season, and included a form of negotiated rate agreement providing for a fixed negotiated reservation and commodity rate, and for a fuel cap. Anchor Shippers were also granted a ROFR.

## **4. Negotiated Rate Shipper Rights**

The Negotiated Rate Shipper’s precedent agreement included a form of negotiated rate agreement providing for a fixed negotiated reservation rate in lieu of the otherwise-effective maximum reservation rate, as well as for a fuel cap. The Negotiated Rate Shipper also has a ROFR.

Additionally, the precedent agreements contain provisions that address the particular circumstances and requirements of each of the Initial Shippers, and provide the contractual incentives that were necessary for each Initial Shipper in entering a binding commitment to the Rover Pipeline. It is important to emphasize however, that the provisions do not define or affect the nature of service under Rover’s Tariff. For the most part, the provisions of each precedent

agreement define the applicable negotiated rates, set forth standard contractual rights and obligations of the parties under the precedent agreement itself, and spell out certain shipper precedent conditions that will be eliminated prior to the in-service date of the Rover Pipeline consistent with Commission policy and precedent. For example, certain shippers required a ramp-up of MDQ rights prior to the in-service date of the Rover Pipeline to ensure that they could execute a binding precedent agreement at a time when their production profiles were not yet fully identified. In other instances, the conditions address the MDQ in part, but not the entire Rover Pipeline path prior to full in-service.

## **B. Material Non-Conforming Provisions**

Material non-conforming provisions in the precedent agreements intended to survive the execution of transportation agreements, and for which Commission approval is requested herein, are described generally below.

It must be noted that, absent the contractual commitments under the precedent agreements, the Rover Pipeline could not go forward. Rover recognized early in the planning stages that a project of this scale would only proceed if the project could attract relatively large, long-term commitments. Thus, as compared to each of the Initial Shippers, other shippers or potential shippers cannot be viewed as similarly situated. Under the Commission's existing negotiated rate and discount policies, project sponsors may rely on a variety of rate incentives to induce potential customers to commit to a project, and may distinguish among various shippers according to factors such as the size of the commitment, the timing of the commitment, the length of the contract, and elasticities of demand.<sup>27</sup> Additionally, none of the provisions in the

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<sup>27</sup> See *Revisions to the Blanket Certificate Regulations and Clarification Regarding Rates*, Order No. 686, 117 FERC ¶ 61,074 (2006), *order on reh'g and clarification*, Order No. 686-A, 119 FERC ¶ 61,303 (2007), *order on reh'g*, Order No. 686-B, 120 FERC ¶ 61,249 (2007); *Gulf Crossing Pipeline Co. LLC*, 123 FERC ¶ 61,100, at P 41; see also *Pipeline Service Obligations and Revisions to Regulations Governing Self-Implementing Transportation Under Part 284 of the Commissions Regulations and Regulation of Natural Gas Pipelines After*

precedent agreements affects the actual terms or quality of service on the Rover Pipeline. Therefore, none of these contract provisions creates the risk of undue discrimination under the Commission's policy regarding material deviations.<sup>28</sup> Based on the foregoing, Rover respectfully submits that no provision of any precedent agreement is unduly discriminatory.<sup>29</sup> For these reasons, Rover does not believe that any aspect of the precedent agreements results in an impermissible material deviation from the *pro forma* service agreements contained in the Rover Tariff. If the Commission determines that a deviation exists, that deviation should be acceptable and not material. In particular, Rover requests Commission approval for the following specific provisions that would be reflected in the Initial Shippers' FTS agreements, and would be effective for various periods after the in-service date of the Rover Pipeline.<sup>30</sup>

## 1. Fuel Caps

All Initial Shippers' precedent agreements establish a cap on the fuel and lost and unaccounted ("LUAF") for gas costs that may be recovered. The cap represents a negotiated fuel

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*Partial Wellhead Decontrol*, Order No. 636, 59 FERC ¶ 61,030 (1992), *reh'g*, Order No. 636-A, 60 FERC ¶ 61,102 (1992), *reh'g*, Order No. 636-B, 61 FERC ¶ 61,272 (1992), *aff'd in relevant part, Utd. Distribution Cos. v. FERC*, 88 F.3d 1105 (D.C. Cir. 1996), *on remand*, Order No. 636-C, 78 FERC ¶ 61,186 (1997), *reh'g denied*, Order No. 636-D, 83 FERC ¶ 61,210 (1998); *Regulation of Short-Term Natural Gas Transportation Services, and Regulation of Interstate Natural Gas Transportation Services*, Order No. 637, 90 FERC ¶ 61,109 (2000), *reh'g*, Order No. 637-A, 91 FERC ¶ 61,169 (2000), *reh'g denied*, Order No. 637-B, 92 FERC ¶ 61,062 (2000), *granted in part, den'd in part, dismissed in part, INGAA v. FERC*, 285 F.3d 18 (D.C. Cir. 2002).

<sup>28</sup> See *Trailblazer Pipeline Co. LLC*, 149 FERC ¶ 61,176, at P 5 (2014) ("A material deviation may be permissible if the Commission finds that such deviation does not constitute a substantial risk of undue discrimination."); see, e.g., *Enbridge Pipeline (S. Lights) LLC*, 144 FERC ¶ 61,044, at P 13 (2013) ("The Commission again confirmed that as all potential shippers had been afforded the opportunity to sign up for the Committed Rates, there was no issue of undue discrimination as between committed and uncommitted shippers.").

<sup>29</sup> See, e.g., *CenterPoint Energy Gas Transmission Co.*, 104 FERC ¶ 61,280, at P 7 (2003) (permitting non-conforming deviation reflecting "unique status of shipper that does not affect its service or others" and permitting pipelines to negotiate non-conforming rates "so long as the shipper has the option of choosing recourse service from the pipeline") (citing *Tenn. Gas Pipeline Co.*, 97 FERC ¶ 61,225, 62,029 (2001) and *ANR Pipeline Co.*, 97 FERC ¶ 61,223, 62016 (2001)); see also *Gulfstream Nat. Gas Sys. L.L.C.*, 100 FERC ¶ 61,036, at P 15 (2002) (noting that there are permissible material deviations that do not entail a risk of undue discrimination).

<sup>30</sup> In accordance with Commission policy, Rover will file its FTS agreements with the initial shippers, along with all non-conforming provisions related thereto, and the initial shippers' negotiated rate agreements, prior to commencement of service.

arrangement, which is permissible under Commission policy.<sup>31</sup> Also, consistent with Commission policy, Rover will calculate fuel and lost and unaccounted for gas percentages on the assumption that full fuel and lost and unaccounted for gas recovery is achieved from all shippers. Hence, no other shipper will be subsidizing these negotiated rate arrangements.

## **2. Most Favored Nations Rights**

Cornerstone Shippers have included in their precedent agreement a Most Favored Nations right. Subject to the provisions of the pertinent precedent agreement, if, at any time prior to the fifth anniversary of the in-service date, Rover enters into a precedent agreement, FTS agreement, or similar agreement, with more favorable conditions precedent, termination provisions, minimum pressure requirements, or with a negotiated rate, discounted rate, or recourse rate that is lower than the negotiated rate in the shipper's negotiated rate agreement for any current or future receipt or delivery point on the same transportation path and the same or shorter term (other than a transportation agreement for seasonal service or with a term of less than one year), Rover shall offer such more favorable terms and conditions to the shipper, and shall offer to reduce the shipper's negotiated rate for service under the FTS agreement to a rate equal to the lower rate. Rover has negotiated this provision with the Cornerstone Shippers in recognition of the substantial business risk these shippers have incurred as supporters of the Project. This provision is consistent with other proceedings where the Commission has permitted shippers to hold Most Favored Nations contract provisions in return for their support of a project.<sup>32</sup>

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<sup>31</sup> See *Fla. Gas Transmission Co.*, 93 FERC ¶ 61,203, at pg. 24 (2000) (citing *NorAm Gas Transmission*, 77 FERC ¶ 61,011, 61,036 (1996)).

<sup>32</sup> See, e.g., *Ruby Pipeline, L.L.C.*, 128 FERC ¶ 61,224, at P 83 (2009); *Colo. Interstate Gas Co. and Cheyenne Plains Gas Pipeline Co. LLC*, 106 FERC ¶ 61,275, at P 39 (2004).

### **3. Extension Rights**

Certain shippers have the unilateral right to extend the term of their FTS agreement beyond its primary term. This right allows for up to four consecutive five-year renewal periods and for a portion or all of its MDQ. The shipper must provide a request to Rover for such extension at least six months prior to the expiration of the primary term or any extended term.

### **4. Reduction Rights**

Certain shippers have the unilateral right to reduce their MDQ if Rover is unable to provide transportation service to the Dawn Hub by a specified date.

## **VII. RATES, COST AND FINANCING**

### **A. Recourse Rates**

The proposed initial maximum and minimum recourse reservation and usage rates are set forth for Rate Schedules FTS, ITS and GPS, including fuel reimbursement percentages, which include LUAF, in Part IV of the proposed Rover Tariff. The Initial Shippers have elected to pay negotiated rates for transportation on the Rover Pipeline. Under the Commission's Alternative Rate Policy Statement, if a pipeline enters into negotiated rate agreements, the pipeline must provide recourse rates as an alternative.<sup>33</sup> Details of the negotiated rate authority under which the shippers made these elections are contained in Rate Schedule FTS, Section 3.8, and the General Terms and Conditions ("GT&C") Section 16 sets out the discounting provisions applicable to Rover's maximum recourse rates.

Rates for Transportation Service are included under Rate Schedules FTS and ITS. Supply Zone rates include service on all facilities upstream of the Mainline Zone; Supply Zone

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<sup>33</sup> *Alternatives to Traditional Cost-of-Service Ratemaking for Natural Gas Pipelines and Regulation of Negotiated Transportation Services of Natural Gas Pipelines*, 74 FERC ¶ 61,076 (1996), *reh'g and clarification denied*, 75 FERC ¶ 61,024 (1996).

to Midwest Hub (Mainline Zone) includes service from the Supply Zone to Midwest Hub Delivery Points, including Panhandle-Defiance and ANR-Defiance; Supply Zone to Market Zone South includes service from the Supply Zone to the Midwest Hub Delivery Points, and transportation to Trunkline Gas delivery points located from Dyer County, Tennessee to Panola County, Mississippi; Supply Zone to Market Zone North includes service from the Supply Zone, to the Midwest Hub Delivery Points, to the Michigan interconnects and to the U.S./Canada International Boundary.<sup>34</sup>

## **B. Factors Used in Developing Rates**

Rover has developed the proposed recourse rates in a manner consistent with the Commission's policy related to the straight-fixed-variable rate design.<sup>35</sup> Rover proposes two-part recourse rates for firm transportation service under Rate Schedule FTS based on the applicable cost of service. The major factors underlying the proposed firm and interruptible transportation rates include the following:

- Capital Structure      50% Debt / 50% Equity
- Cost of Debt            6.50%
- Return on Equity      13.00%
- Depreciation Rate    2.50%

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<sup>34</sup> For those shippers who elect deliveries to the Dawn Hub, Rover will provide the Canadian leg of such service via its transportation capacity on Vector Canada. Costs associated with transportation service on Vector Canada (or any other Canadian pipeline system) will not be included in the rates for transportation service under Rover's Tariff.

<sup>35</sup> See 18 C.F.R. § 284.10; *N. Nat. Gas Co.*, 105 FERC ¶ 61,299, at P 14 (2003) (indicating Commission's preference for the straight fixed-variable rate design).

Rover's proposed return on equity and debt result in an overall rate of return of 9.75%. This capital structure is in line with what has been approved by the Commission for other new construction projects in their initial certificates.<sup>36</sup>

Rover is proposing to utilize a 2.50% depreciation rate. Also, for rate calculation purposes, a 2.50% depreciation rate approximates a 40-year life, which exceeds the primary terms of all of the executed precedent agreements. It also is consistent with depreciation rates accepted by the Commission in *Horizon Pipeline Co. L.L.C.*, Docket Nos. CP00-129-000 et al., *Kinder Morgan Louisiana Pipeline LLC*, Docket Nos. CP06-449-000 et al., *White River Hub, LLC*, Docket No. CP08-398-000, *Rockies Express Pipeline LLC*, Docket No. CP06-354-000, and *Tennessee Gas Pipeline Company, L.L.C.*, Docket No. CP11-161-000.<sup>37</sup>

### **C. Rate Design**

Rover has utilized a straight-fixed-variable rate design in allocating costs and designing rates. Rate design units are based on the design capacity of the entire system and include an allocation of costs to interruptible services.

Rover has designed rates for Rate Schedule ITS and Authorized Overrun service based on a 100% load factor derivative of the Rate Schedule FTS reservation and usage rates, an approach that is consistent with general Commission policy.<sup>38</sup> The Rate Schedule GPS rate is derived from the Rate Schedule ITS rate.

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<sup>36</sup> See, e.g., *MarkWest Pioneer, L.L.C.*, 125 FERC ¶ 61,165, at PP 26–27 (2008); *Corpus Christi LNG, L.P.* and *Cheniere Corpus Christi Pipeline Co.*, 111 FERC ¶ 61,081, at P 33 (2005) (approving a capital structure of 50% debt and 50% equity and initial rates reflecting 14% rate of return on equity). See also *Fayetteville Express Pipeline LLC*, 129 FERC ¶ 61,235, at P 28 (2009); *T.W. Phillips Pipeline Corp.*, 126 FERC ¶ 62,132, at pg. 9 (2009).

<sup>37</sup> See *Horizon Pipeline Co., L.L.C. & Nat. Gas Pipeline Co. of America*, 92 FERC ¶ 61,205, at P 13 (2000); *Kinder Morgan La. Pipeline LLC & Nat. Gas Pipeline Co. of America*, 118 FERC ¶ 61,211, at P 42 (2007); *White River Hub, LLC*, 124 FERC ¶ 61,132, at P 24 (2008); *Rockies Express Pipeline LLC*, 116 FERC ¶ 61,272, at P 47 (2006); *Tenn. Gas Pipeline Co., L.L.C.*, 139 FERC ¶ 61,161, at P 21 (2012).

<sup>38</sup> *Cameron LNG, LLC & Cameron Interstate Pipeline LLC*, 147 FERC ¶ 61,230, at P 15 (2014); *Kinder Morgan*

Shippers under Rate Schedule GPS are charged a usage charge multiplied by the total quantity of gas either parked or borrowed each day for the account of shipper during the month. A credit has been applied to the total cost of service in order to allocate costs to interruptible transportation services, *i.e.*, interruptible transportation service, interruptible park and loan service (“GPS”) and authorized overrun service under Rate Schedule FTS service. The Commission has previously recognized that a credit to the cost of service has the same effect as allocating costs to such services.<sup>39</sup>

Attached as Part I of Exhibit P is a Derivation of Rates, which includes the schedules and work papers supporting all of the proposed initial recourse rates for Rover Pipeline, including: maximum and minimum reservation rates; usage rates for Rate Schedule FTS; and maximum and minimum rates for Rate Schedules ITS and GPS.

Rover shippers also will be responsible for charges related to the Annual Charges Adjustment (“ACA”) surcharge, when that surcharge goes into effect, and for applicable reimbursement of Fuel Gas, Booster Compression Fuel, LUAF, and incremental off-system fuel gas charges for Market Zone South. Consistent with the Commission's regulations,<sup>40</sup> the ACA surcharge will not be assessed initially, but will be included once the Commission bills Rover an ACA assessment.

#### **D. Cost and Financing**

Rover estimates the total capital cost of constructing the pipeline and appurtenant facilities will be approximately \$4.22 billion. This cost estimate is detailed in Exhibit K. The

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*La. Pipeline, LLC & Nat. Gas Pipeline Co. of America*, 120 FERC ¶ 61,050, at PP 45-46 (2007); *Kinder Morgan Louisiana Pipeline LLC*, 118 FERC ¶ 61,211, at P 43 (2007) (citing *S. Nat. Gas Co. & SCG Pipeline*, 99 FERC ¶ 61,345, at P 87 (2002); *Rockies Express Pipeline LLC*, 116 FERC ¶ 61,272, at PP 43, 47 (2006).

<sup>39</sup> See *ETC Tiger Pipeline, LLC*, 131 FERC ¶ 61,010, at P 27 (2010); *Midcontinent Express Pipeline, LLC & Enogex Inc.*, 124 FERC ¶ 61,089, at P 93 (2008), as amended, 126 FERC ¶ 61,271 (2009).

<sup>40</sup> See 18 C.F.R. Parts 381, 382 (2014).

Allowance for Funds Used During Construction (“AFUDC”) included in Exhibit K is calculated in compliance with the Commission’s AFUDC policy,<sup>41</sup> with accruals beginning in July 2014. In accordance with the AFUDC policy, Rover affirms that it began to incur capital expenditures for the Project on June 26, 2014, and that activities necessary to prepare the Project for its intended use were in progress at that time. Rover expects to finance the Project as set forth in Exhibit L.

## **VIII. PROPOSED TARIFF**

Included herein as Part II of Exhibit P is a proposed Tariff prepared in conformance with the requirements of Part 154 of the Commission’s regulations<sup>42</sup> and in consultation with the producer-shippers that have entered into precedent agreements supporting the development of the Rover Pipeline. In that regard, Rover’s Tariff meets the needs of the market, and follows the Commission’s requirements and policies established by Order Nos. 636<sup>43</sup> and 637.<sup>44</sup>

Under the proposed Tariff, Rover will offer firm transportation service, interruptible transportation service, and interruptible park and loan service on an open access, non-discriminatory basis pursuant to Part 284 of the Commission’s regulations.<sup>45</sup> Rover will provide these services in accordance with proposed Rate Schedules FTS, ITS and GPS and the associated

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<sup>41</sup> See *S. Nat. Gas Co., Se. Supply Header, LLC & S. Nat. Gas Co.*, 130 FERC ¶ 61,193, at P 36 (2010).

<sup>42</sup> 18 C.F.R. Part 154.

<sup>43</sup> *Pipeline Service Obligations and Revisions to Regulations Governing Self-Implementing Transportation Under Part 284 of the Commissions Regulations and Regulation of Natural Gas Pipelines After Partial Wellhead Decontrol*, Order No. 636, 59 FERC ¶ 61,030 (1992), *reh’g*, Order No. 636-A, 60 FERC ¶ 61,102(1992), *reh’g*, Order No. 636-B, 61 FERC ¶ 61,272 (1992), *aff’d in relevant part*, *Utd. Distribution Cos. v. FERC*, 88 F.3d 1105 (D.C. Cir. 1996), *on remand*, Order No. 636-C, 78 FERC ¶ 61,186 (1997), *reh’g denied*, Order No. 636-D, 83 FERC ¶ 61,210 (1998).

<sup>44</sup> *Regulation of Short-Term Natural Gas Transportation Services, and Regulation of Interstate Natural Gas Transportation Services*, Order No. 637, 90 FERC ¶ 61, 109 (2000), *reh’g*, Order No. 637-A, 91 FERC ¶ 61,169 (2000), *reh’g denied*, Order No. 637-B, 92 FERC ¶ 61,062 (2000), *granted in part, den’d in part, dismissed in part*, *INGAA v. FERC*, 285 F.3d 18 (D.C. Cir. 2002).

<sup>45</sup> 18 C.F.R. Part 284, Subpart G.

GT&C included in the proposed Tariff. Shippers may pay either recourse rates, discounted rates, or negotiated rates for each service. The Rover Pipeline will consist of four rate zones, including the Supply Zone, the Mainline Zone, the Market Zone South, and the Market Zone North.

Certain significant provisions of the proposed Rover Tariff are summarized and discussed below:

#### **A. Scheduling Priorities**

GT&C Section 3.2 sets out detailed scheduling priorities, as follows:

- Firm (primary points to primary points);
- Firm (primary points to/from secondary points);
- Firm (secondary points within the primary path):
  - Scheduled by rate in sequence starting with the rate most proximate to the maximum rate (expressed as a percentage of the maximum rate);
- Firm (secondary points outside the primary path):
  - Scheduled by rate in sequence starting with the rate most proximate to the maximum rate (expressed as a percentage of the maximum rate);
- Interruptible service, including authorized overrun service:
  - Scheduled by rate in sequence starting with the rate most proximate to the maximum rate (expressed as a percentage of the maximum rate);
- Gas Parking Service.

These scheduling priorities afford the highest priority to service under Rate Schedule FTS, consistent with Commission policy. Such priorities assure that the firm shippers have the maximum opportunity to use any available capacity, given that they are providing the dependable revenue stream to support the Rover Pipeline through reservation charges.

#### **B. System Management Tools**

Rover Pipeline proposes system management tools, including daily scheduling penalties and cashout charges that will maintain necessary operational control on Rover Pipeline. Such

provisions are consistent with similar provisions previously approved by the Commission.<sup>46</sup> The nature and level of the charges reflect Rover's limited operational flexibility, given that Rover will have no storage and only limited line pack flexibility. Services available under Rate Schedule GPS will also assist shippers in avoiding penalties. The daily scheduling penalty, cashout charge and revenue crediting provisions are described briefly below:

- Daily Scheduling Penalty is described in GT&C Section 5.1. This penalty is applied when the daily variance between scheduled quantities and actual quantities at a Point of Receipt or Point of Delivery exceeds the tolerance level. To help minimize daily scheduling variances, Rover will make available to point operators continuous monitoring of Electronic Gas Measurement points.
- Imbalance Resolution/Cashout is described in GT&C Section 5.2 and provides for netting and posting (for trading) of imbalances, consistent with Commission policy. Imbalances are cashed out monthly.
- Flow Through of Cash Out Revenues and Penalties are described in GT&C Section 22. Cash out revenues in excess of costs are credited to non-offending shippers on an annual basis. A negative amount would be carried forward to the subsequent annual cash out period. Penalties in excess of costs are credited monthly to shippers who did not incur penalties during the month. The calculation for both the cash out and penalty credits is based 50% on the transportation quantity and 50% on the revenue amount of the non-offending shipper to all non-offending shippers.

### **C. Creditworthiness**

GT&C Section 24 sets out detailed credit provisions that generally reflect those previously approved by the Commission. The credit evaluation criteria, including a potential shipper's ratings by Standards & Poor's and/or Moody's, as well as alternative means of appraisal; forms of security and collateral requirements for non-creditworthy shippers; periodic re-evaluation of creditworthiness; and procedures to address non-payment, suspension, and termination of service are detailed in the Rover Tariff.

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<sup>46</sup> The Commission approved similar provisions in issuing a certificate of public convenience and necessity for Energy Transfer's Tiger Pipeline. See *ETC Tiger Pipeline, LLC*, 131 FERC ¶ 61,010, at P 36 (2010).

#### **D. Fuel Reimbursement Adjustment**

GT&C Section 21 sets out procedures for a fuel tracker that includes: (1) fuel gas; (2) LUAF gas; and (3) electric compression costs. Electric compression costs are converted to gas units to determine the fuel reimbursement percentage. A Shipper's monthly fuel charges shall be the sum of the fuel charges on off-system pipelines, if applicable, plus the applicable fuel reimbursement percentage set forth in the currently effective rates for the pertinent Rate Schedule. As discussed in Section VI, above, certain Initial Shippers have negotiated a fuel gas cap in their precedent agreements. In calculating the charges under Rover's fuel gas tracking mechanism, however, full fuel recovery is assumed for such shippers' quantities, thereby assuring that there will not be subsidization for fuel gas charges by other shippers.

#### **E. NAESB Standards**

Rover is in full compliance with Commission approved North American Energy Standards Board ("NAESB") standards in effect as of the date hereof. Any changes to NAESB standards prior to the in-service date of Rover Pipeline will be incorporated into the Tariff when Rover files to make its Tariff effective. The NAESB standards are detailed in the GT&C Section 23 of the Tariff.

### **IX. CERTIFICATE POLICY STATEMENT AND PUBLIC CONVENIENCE AND NECESSITY**

The FERC Policy Statement<sup>47</sup> on certificating new pipeline construction establishes criteria for determining whether there is a need for a proposed project and whether the proposed project will serve the public interest. The FERC Policy Statement explains that in deciding to authorize the construction of major new pipeline facilities, the Commission balances the public

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<sup>47</sup> See *supra* note 12.

benefits against the potential adverse consequences. The Commission gives appropriate consideration to the enhancement of competitive transportation alternatives, the possibility of overbuilding, subsidization by existing customers, the applicant's responsibility for unsubscribed capacity, the avoidance of unnecessary disruptions of the environment, and the unneeded exercise of eminent domain on evaluating new pipeline construction.

Under the FERC Policy Statement, the threshold requirement for existing pipelines proposing new projects is that the pipeline must be prepared to financially support the project without relying on subsidization from existing customers. The next step is to determine whether the applicant has made efforts to minimize any adverse effect the project might have on the applicant's existing customers, existing pipelines in the market and their captive customers, or landowners and communities affected by the route of the new pipeline. If residual adverse effects on these interest groups are identified, after efforts have been made to minimize them, the Commission evaluates the project by balancing the evidence of public benefits to be achieved against the residual adverse effects. As discussed below, Rover meets each of the Commission's objectives and criteria established in the FERC Policy Statement.

**A. Impact on Existing Shippers – No Subsidization**

The Project will have no impact on existing customers because Rover is a new entity that has no existing operations or customers. Accordingly, there is no risk that the Rover Pipeline will rely on subsidies from existing customers. The economic risks of the Project will be borne fully by Rover.<sup>48</sup>

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<sup>48</sup> See *id.*

## **B. No Adverse Impact on Existing Pipelines and Their Captive Customers**

The Rover Pipeline, which originated as a result of discussions with producers seeking a means to move their stranded gas to markets in the Midwest and Canada, will not adversely impact existing pipelines or their captive customers. The shippers on the Rover Pipeline are producers in the Marcellus and Utica Shale supply areas that have signed 15- or 20-year contracts to meet increasing demand, and to support new infrastructure with more service flexibility. The new Rover Pipeline facilities will benefit all consumers by providing new capacity, more supplies, more competitive pricing and optionality to markets and storage. In addition, this new Rover infrastructure will provide Midwest local utilities and end users access to reliable and directly sourced gas supplies. Moreover, the Project will maximize the use of available existing pipeline capacity through transportation agreements with Panhandle, Trunkline Gas, and Vector—and thus will have a positive impact on existing pipelines.

In sum, the Rover Pipeline will not result in any adverse impact on competing pipelines and their captive customers because: (1) no existing service by any other pipeline system will be displaced; (2) no other existing pipeline system has the available capacity to transport the shipper requirements to the Midwest Hub; and (3) the transportation service provided by the Project will be utilized for new sources of natural gas supply not currently served by existing pipelines. More generally, no adverse impact on competing pipelines and their captive customers will result because: (1) the Rover Pipeline will be an open-access pipeline providing nondiscriminatory service in a competing market; and (2) construction and operation of the Rover Pipeline will serve to further enhance competition in the market by providing additional competitive service options.

### **C. Impact on Landowners and Communities Has Been Minimized**

Based on meetings with landowners, developers, Federal, state, and local officials, and other interested stakeholders, Rover believes that it has designed and routed its Project in a manner to minimize the impact on stakeholders and the environment. Rover's routing has used existing utility corridors for siting its pipeline and available capacity on other natural gas pipelines wherever possible to avoid new, undisturbed lands. Rover has also based its routing on existing land use, locations of populated areas, surface topography, geologic considerations, and environmental factors, as well as landowner and community input. The proposed route also attempts to be in proximity to roads and highway infrastructure that will permit Rover quick access to facilities for operational and maintenance activities.

Rover intends to work with all affected landowners to address concerns as it acquires the necessary property for the proposed Project facilities. One aspect of Rover entering into the FERC's Pre-Filing Review Process was to conduct informational Open Houses to allow stakeholders to ask questions and explain their concerns to Project team members. Rover has demonstrated its willingness to work with stakeholders by addressing construction concerns and adopting reroutes suggested by affected landowners when feasible.

### **D. Benefits Associated with the Project Outweigh Any Adverse Impacts**

As discussed throughout this Application, there are numerous public benefits associated with the Project. First, it will provide significant capital investment in much-needed natural gas infrastructure, stimulating both the local and national economies. Second, it will respond to proven market demand for additional firm take-away capacity from the Marcellus and Utica shale supply areas. Third, the Rover Pipeline supports the overall development of domestic natural gas resources, ensuring domestic energy supplies can grow to meet energy and related national security needs in the United States. Last, the Project will enhance the reliability of the

interstate natural gas pipeline grid in a geographic region that serves as a critical junction between sources of natural gas production and major areas of market demand. The public benefits of the Project far outweigh any potential minor or temporary adverse impacts.

**E. The Project Is Required by the Public Convenience and Necessity**

In determining whether a proposed project is required by the public convenience and necessity, the Commission considers whether the proposal meets the criteria set forth in the FERC Policy Statement. As discussed above, the Project is consistent with the objectives and criteria of the FERC Policy Statement. Furthermore, the Project will provide extensive benefits to all sectors of the natural gas market, including: (1) providing Marcellus and Utica Shale supply area producer-shippers additional access to the Midwest, Chicago, Gulf Coast, Canadian and U.S. Northeast markets; (2) creating new infrastructure for the Midwest market with direct access to a reliable and competitively-priced supply of natural gas resulting in enhanced market competition, reduced price volatility and lower prices; (3) providing new and existing electric generation facilities with greater sources of natural gas supply, in turn improving air quality and the reliability of the electric grid; and (4) using existing pipeline infrastructure in Michigan to avoid new construction impacts to Michigan's environmental resources, residences, and private property.

For these reasons, and consistent with the criteria set forth in the FERC Policy Statement, Rover respectfully submits that its proposal is in the present and future public convenience and necessity, and that the authorizations requested herein should be granted promptly.

**X.  
STAKEHOLDER AND LANDOWNER OUTREACH AND NOTIFICATION**

Throughout the planning process for the Project, Rover engaged in outreach with landowners, elected officials, Federal, state, and local government agencies, tribal officials and

other stakeholders. This outreach resulted in the proposed route selection and general design of the Project as reflected in this Application.

Rover conducted a total of ten Open House meetings in West Virginia, Pennsylvania, Ohio, and Michigan during the week of July 8 through July 15, 2014, as well as three additional Open House meetings in Michigan from September 16 through September 18, 2014. At each Open House venue, Rover displayed a series of informational poster boards that gave an overview of the Rover Pipeline; explained the basic facts of natural gas and pipelines; summarized the proposed facilities, route and construction dates; and had map books available showing the initial proposed pipeline route, so that landowners could determine the location of the pipeline centerline in relation to their property. Approximately twenty Project team members from construction, engineering, right-of-way, geographic information systems, regulatory, and environmental departments were in attendance at each Open House, and available to answer questions. The Open Houses gave Rover the opportunity to gain valuable insights into the concerns of local community members and government agencies, and to adjust the Project construction plans accordingly.

In addition, as part of the FERC Pre-Filing Review Process, Rover has: provided two rounds of environmental Resource Reports for review and critique, participated in bi-weekly conference calls with FERC staff; provided Monthly Status Reports; participated in interagency meetings and conference calls; provided draft Resource Reports; provided several drafts of landowner, agency, and other mailing lists; conducted several route/site inspections with the FERC staff; responded to FERC staff and stakeholders' requests for information; maintained the Rover webpage; returned calls from the Rover toll-free phone number (888-844-3718) that has been established to address landowner concerns raised before, during, or after Project

construction; contacted affected landowners regarding surveys and easements; contacted affected Federal, state, local, and tribal officials; and participated in FERC-sponsored Scoping Meetings. At each FERC Scoping Meeting, Rover personnel were present to respond to questions from landowners and other stakeholders. Rover's web page at [http://www.energytransfer.com/ops\\_etровер.aspx](http://www.energytransfer.com/ops_etровер.aspx) includes a document titled *Frequently Asked Questions* that includes a collection of questions and answers that were discussed at the meetings. In addition, Rover has conducted discussions throughout the Pre-Filing Review Process with owners of existing rights-of-ways, and pipeline companies to determine available alternatives to avoid construction impacts. Most significantly, this has resulted in Rover acquiring capacity on the Vector system from a point in Livingston County, Michigan to the Dawn Hub, thereby avoiding approximately 110 miles of pipeline construction impacts in Michigan, and approximately 14 miles in Ontario, Canada.

Rover continues to be engaged in consultation with FERC staff, Federal, state, and local government agencies, landowners, tribal officials, and other affected parties concerning the proposed construction activities associated with the Rover Pipeline. Based upon the Pre-Filing Review Process, Rover believes that the proposed pipeline route minimizes both landowner and environmental impacts. Rover has submitted copies of its draft Resource Reports to the pertinent government agencies, and has incorporated those agencies' comments into the final Resource Reports that constitute the Environmental Report included as Exhibit F-1 hereto. Rover will continue to work with affected landowners and agencies in an ongoing effort to address their concerns and minimize adverse impacts to the extent reasonably possible.

Rover will comply with the landowner notification requirements under Section 157.6(d) of the Commission's regulations.<sup>49</sup> A list of affected landowners is included with the Environmental Report as Privileged and Confidential information. Rover has contacted all affected landowners either by mail, phone and/or direct contact concerning the proposed Project. Rover has also notified all affected landowners of the recent route revision due to the acquisition of firm capacity on Vector. As part of that notification, Rover notified those stakeholders that they will no longer be affected by the Project, and will no longer remain on the mailing list maintained by Rover. A copy of the eliminated landowners list is provided in Resource Report 1.

In addition, Rover has developed and will implement a Landowner Complaint Resolution procedure that will provide landowners with clear and simple directions for identifying and resolving their environmental problems or concerns during construction activities, and during restoration of the right-of-way. Prior to construction, Rover will mail the Landowner Complaint Resolution procedure to each landowner whose property will be crossed by the Project.

## **XI. ENVIRONMENTAL IMPACT AND COMPLIANCE**

In light of the avoidance and minimization measures taken by Rover to route the Project, coupled with the utilization of existing capacity on third-party pipelines, there will be no significant adverse environmental effects resulting from the authorizations to construct, own, operate, and maintain new pipeline, compression, metering, and ancillary facilities as proposed herein. The Rover Pipeline has been designed, and will be constructed, in a manner that will avoid first, and then minimize environmental impacts. Rover has routed the proposed pipeline

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<sup>49</sup> 18 C.F.R. § 157.6(d).

facilities into existing utility corridors, on existing right-of-ways, adjacent to existing roads or adjacent pipeline rights-of-way and in active agricultural fields whenever possible in order to avoid new, undisturbed lands, and in order to minimize impacts to landowners. An Environmental Report, submitted herewith as Exhibit F-1, provides a detailed analysis of the existing environmental, cultural, and socioeconomic conditions along the proposed route, and of the impact of the proposed facilities on the existing environment.

No significant adverse effects on surface water, wetlands, or groundwater resources are expected to occur from construction and operation of the Rover Pipeline. To minimize the impacts of erosion and sedimentation on surface waters, construction activities will be performed in compliance with the FERC's Upland Erosion Control, Revegetation and Maintenance Plan, and with Rover's Project-specific versions of FERC's Wetland and Waterbody Construction and Mitigation Procedures ("Rover Procedures"). Rover has attempted to avoid and/or minimize wetland crossings to the extent practicable during selection of the proposed route. Where jurisdictional wetlands cannot be avoided, crossings thereof will be done in accordance with Federal and state permits and approvals, and the Rover Procedures, including any deviations requested by Rover and approved by FERC.

Similarly, construction of the Rover Pipeline will not have any significant adverse impacts on fish, wildlife, or vegetation resources. No significant construction or operation impacts on Federal or state protected species are anticipated as a result of the Project. Where suitable habitat for these species is encountered by the Project, preventative measures will be employed to reduce the likelihood of impacts to the species. For example, various horizontal directional drill crossings are planned to minimize risks to sensitive resources such as wetlands and river crossings. Rover will continue to consult with the relevant agencies to identify whether

additional mitigation measures are required, and to develop appropriate measures to avoid or minimize potential impacts on endangered, threatened, or other species of concern, or their habitat, as necessary.

Rover has consulted with the State Historic Preservation Officers (“SHPOs”) in West Virginia, Pennsylvania, Ohio, and Michigan, as well as the Federally-recognized Native American Tribes with potential ties to the Project area, as discussed in Resource Report 4. In addition, Rover has initiated Phase I Cultural Resource Surveys in the states mentioned above that will be filed with the SHPOs, as well as with the Commission. The Rover Pipeline will not have a significant adverse impact on any known archaeological or historic sites. Moreover, Rover will implement its Unanticipated Discoveries Plan in conjunction with development of the Project.

The Rover Pipeline will not have any significant adverse effects on geological resources. Any limited potential geological hazards resulting from the Project will be minimized by design measures. With respect to soils, Rover will adopt FERC’s *Upland Erosion Control, Revegetation, and Maintenance Plan* as well as its Agricultural Mitigation Plan developed specifically in coordination with the state resource agricultural agencies or organizations, landowners and regional agronomists and soil scientists for the Project to ensure that potential effects on soils due to construction of the proposed Project are minimal. Permanent impacts on soils due to operation of the Rover Pipeline will be restricted to the areas where above-ground facilities are sited and the pipeline right-of-way, as discussed below.

The Project will not have significant adverse impacts on land use, recreation, or aesthetics. Where potential adverse effects are identified, mitigation measures are proposed to avoid or minimize those effects. With respect to air and noise emissions, construction and

operation of the Rover Pipeline is expected to have minimal permanent effects on air quality and noise levels. Rover has concluded from its environmental review that its Project construction will not individually or cumulatively have a significant effect on the quality of human health, the environment, or landowners.

Rover will comply with all mitigation requirements imposed by the environmental clearances from Federal, state, and local agencies for the Project. In this regard, Rover is seeking authorization by November 2015 for the Project in order that it may clear its rights-of-way prior to the summer months, and thus mitigate any potential impacts to Indiana and northern long-eared bats during the summer roosting season, consistent with requests by the U.S. Fish and Wildlife Service. To ensure that construction activities are conducted in compliance with all applicable requirements, including any conditions imposed by the Commission, Rover has agreed to fund a third-party environmental compliance monitoring program that will be directed by the Commission staff. The overall objectives of the compliance monitoring program are to: (1) assess environmental compliance during the construction process to achieve a high level of compliance throughout the process; (2) assist the Commission staff in screening and processing requests for any variances; and (3) create and maintain a database of daily reports documenting compliance. Final details regarding staffing and implementation of the compliance monitoring program will be developed in consultation with Commission staff prior to the commencement of construction and as part of Rover's Initial Implementation Plan documenting compliance with required mitigation measures.

## **XII. CERTIFICATION**

Pursuant to the Natural Gas Pipeline Safety Act of 1968,<sup>50</sup> Rover certifies that the facilities proposed herein will be designed, constructed, tested, operated, replaced, and maintained to conform with or exceed the requirements of Title 49, Part 192, of the Code of Federal Regulations, or any superseding Federal or state safety code applicable to natural gas transmission pipelines.<sup>51</sup> These regulations are intended to ensure adequate protection for the public and to prevent natural gas facility accidents and failures. 49 C.F.R. Part 192 specifies material selection and qualification, minimum design requirements, and protection from internal, external, and atmospheric corrosion. In addition, all construction and restoration activities will be performed in accordance with the environmental plans, procedures, and guidelines included in the Environmental Report under Exhibit F-1.

## **XIII. WAIVER**

Rover respectfully submits that this Application may be granted based upon this submission and without a trial-type evidentiary hearing. In accordance with Rules 801 and 802 of the Commission's Rules of Practice and Procedure,<sup>52</sup> Rover requests that the intermediate decision procedure be omitted, and waives oral hearing and opportunity for filing exceptions to the decision of the Commission.

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<sup>50</sup> Pub. L. No. 90-481, 82 Stat. 720 (1968) (codified as amended at 49 U.S.C. §§ 60101–60140).

<sup>51</sup> The United States Department of Transportation (“USDOT”) has exclusive authority to promulgate safety and design standards for pipelines and transportation facilities under the Natural Gas Pipeline Safety Act. The USDOT pipeline standards are published in 49 C.F.R. Parts 190–199.

<sup>52</sup> 18 C.F.R. §§ 385.801, 385.802.

**XIV.**  
**DESCRIPTION OF EXHIBITS**

This is an Application pursuant to Part 157 of the Commission’s regulations.<sup>53</sup> The following exhibits are attached, incorporated by reference, or omitted for the reasons indicated. To the extent any required exhibits have been omitted, Rover requests that the Commission treat the omitted material as inapplicable or otherwise unnecessary to fully disclose the nature of the Project as proposed herein.

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|--------------------|--|
| <b>NOTICE</b>      | <b>NOTICE OF APPLICATION</b><br>A form of notice suitable for publication in the <i>Federal Register</i> is submitted herewith, as noted herein in Section XVI.  |
| <b>EXHIBIT A</b>   | <b>ARTICLES OF INCORPORATION AND BYLAWS OR OTHER SIMILAR DOCUMENTS</b><br>Submitted herewith are the State of Delaware Limited Liability Company Certificate of Formation and the Limited Liability Company Agreement of Rover Pipeline LLC. |
| <b>EXHIBIT B</b>   | <b>STATE AUTHORIZATION</b><br>Submitted herewith are the West Virginia, Pennsylvania, Ohio and Michigan state authorizations for Rover Pipeline LLC.   |
| <b>EXHIBIT C</b>   | <b>COMPANY OFFICIALS</b><br>Submitted herewith.  |
| <b>EXHIBIT D</b>   | <b>SUBSIDIARIES AND AFFILIATIONS</b><br>Submitted herewith.  |
| <b>EXHIBIT E</b>   | <b>OTHER PENDING APPLICATIONS AND FILINGS</b><br>Addressed herein in Section XV—Related Applications.  |
| <b>EXHIBIT F</b>   | <b>LOCATION OF FACILITIES</b><br>Submitted herewith.   |
| <b>EXHIBIT F-1</b> | <b>ENVIRONMENTAL REPORT</b><br>Submitted herewith.   |

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<sup>53</sup> *Id.* at Part 157.

- EXHIBIT G**                    **FLOW DIAGRAM SHOWING DAILY DESIGN CAPACITY, AND REFLECTING OPERATION WITH AND WITHOUT PROPOSED FACILITIES ADDED**
- Rover’s Exhibit G is designated as **Critical Energy Infrastructure Information (“CEII”)** and is submitted in Volume III.
- EXHIBIT G-I**                **FLOW DIAGRAMS REFLECTING MAXIMUM CAPABILITIES**
- Omitted. Exhibit G reflects maximum capabilities.
- EXHIBIT G-II**              **FLOW DIAGRAM DATA**
- Rover’s Exhibit G-II is designated as **Critical Energy Infrastructure Information (CEII)** and is submitted in Volume III.
- EXHIBIT H**                **TOTAL GAS SUPPLY DATA**
- Omitted. A discussion of Gas Supply Data is provided herein under Section V, Market Demand and Open Season.
- EXHIBIT I**                **MARKET DATA**
- Submitted herewith are: a List of Subscribed Volumes for the Rover Pipeline; and Precedent Agreements for the Rover Pipeline. The Precedent Agreements are designated as **Privileged Information** and are submitted in Volume IV.
- EXHIBIT J**                **FEDERAL AUTHORIZATIONS**
- Submitted herewith under Resource Report 1, Appendix 1A, Table 1A-9, Permits and Approvals includes Federal Authorizations.
- EXHIBIT K**                **COST OF FACILITIES**
- Submitted herewith.
- EXHIBIT L**                **FINANCING**
- Submitted herewith.
- EXHIBIT M**                **CONSTRUCTION, OPERATION, AND MANAGEMENT**
- Omitted. Rover and/or independent contractors will accomplish the proposed construction. The employees of Rover in the ordinary course of business will carry out operation and maintenance of the proposed facilities.
- EXHIBIT N**                **REVENUES, EXPENSES AND INCOME**
- Submitted herewith are Rover’s schedules reflecting the estimated cost of service for the Rover Pipeline.

**EXHIBIT O                    DEPRECIATION AND DEPLETION**

Submitted herewith.

**EXHIBIT P                    TARIFF**

Submitted herewith are: Rover’s *pro forma* Tariff and the derivation of the initial rates for firm, interruptible and parking service under Rate Schedules FTS, ITS and GPS, respectively. Rover’s *pro forma* Tariff was prepared in conformance with the requirements of Part 154 of the Commission’s regulations under the NGA,<sup>54</sup> and contains proposed rates, rate schedules, general terms and conditions, and forms of service agreements that comply with recent Commission orders and policy. Not less than 30 days and not more than 60 days prior to the commencement of service of the facilities proposed herein, Rover will file the attached *pro forma* tariff as Rover Pipeline LLC FERC NGA Gas Tariff Volume No. 1 for acceptance by the Commission.

**EXHIBIT Z-1                OTHER PROJECT MAPS**

Submitted herewith are the Rover Project Map – Other Pipelines; Panhandle System Map; and Trunkline Tariff Map.

**EXHIBIT Z-2                TRANSPORTATION PRECEDENT AGREEMENTS**

Submitted herewith are the Precedent Agreements for off-system transportation to the U.S./Canada International Boundary and to Trunkline Zone 1 A. The Precedent Agreements are designated as **Privileged Information** and submitted in Volume IV.

**EXHIBIT Z-3                ENVIROMENTAL MATRIX**

Submitted herein.

**XV.  
RELATED APPLICATIONS**

In order to provide seamless transportation from the Rover interconnection with Panhandle in Defiance County, Ohio to Trunkline Gas’ delivery points located from Dyer County, Tennessee to Panola County, Mississippi, both Panhandle and Trunkline Gas are filing applications concurrently with this Application pursuant to Section 7 of the NGA<sup>55</sup> for

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<sup>54</sup> *Id.* at Part 154.

<sup>55</sup> 15 U.S.C. § 717f.

authorization to construct and operate piping and compression modifications to allow for natural gas to flow bi-directionally on their pipeline systems.

To the best of Rover's knowledge, there are no other applications or filings pending before the Commission, or required to be filed in conjunction with this Application beyond what is discussed herein.

## **XVI. FEDERAL REGISTER NOTICE**

Attached hereto is a notice, prepared in conformity with Sections 2.1 and 157.6(b)(7) of the Commission's regulations,<sup>56</sup> suitable for publication in the *Federal Register*.

## **XVII. CONCLUSION**

For the foregoing reasons, Rover respectfully requests that the Commission grant the instant Application for issuance of:

(1) a certificate of public convenience and necessity authorizing Rover to construct, own, and operate under Part 157, Subpart A of the Commission's regulations<sup>57</sup> a new interstate natural gas pipeline system with total system capacity of 3.25 Bcf/day, including: (a) approximately 711 miles of 24-inch, 30-inch, 36-inch and 42-inch diameter Supply Laterals and Mainlines extending from the Marcellus and Utica shale supply areas in West Virginia, Pennsylvania, and Ohio to a point of interconnection with the Vector Pipeline in Livingston County, Michigan; ten new compressor stations; nineteen metering and regulating facilities; and other ancillary facilities; (b) approval of the Tariff submitted herewith, which includes the authority to enter into negotiated rate agreements; and (c) approval of the initial recourse rates for service; and

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<sup>56</sup> 18 C.F.R. §§ 2.1, 157.6(b)(7) (2014).

<sup>57</sup> *Id.* at Part 157, Subpart A.

(2) blanket certificates authorizing Rover to: (a) engage in certain self-implementing routine activities pursuant to blanket certificate authority under Part 157, Subpart F of the Commission's regulations;<sup>58</sup> and (b) transport natural gas on an open-access and self-implementing basis under Part 284, Subpart G of the Commission's regulations.<sup>59</sup>

Rover also requests any waivers, including waiver of the Commission's shipper-must-have-title policy in order for Rover to acquire off-system capacity on third-party pipeline systems consistent with Commission policy, and other relief the Commission may deem necessary to grant the authorizations requested herein. Rover respectfully requests that these authorizations be granted by November 2015, so that the Rover Pipeline's Supply Laterals and Mainlines A and B may be completed and placed in service by December 2016.

Respectfully submitted,

/s/ Stephen T. Veatch

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Stephen T. Veatch  
Senior Director, Certificates  
Rover Pipeline LLC

Dated: February 20, 2015

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<sup>58</sup> *Id.* at Part 157, Subpart F.

<sup>59</sup> *Id.* at Part 284, Subpart G.

**VERIFICATION STATEMENT OF  
ROVER PIPELINE LLC**

I, STEPHEN T. VEATCH, Senior Director of Certificates for Rover Pipeline LLC hereby certify in accordance with 18 C.F.R. § 385.2005(a) that I have read the above and foregoing Application of Rover Pipeline LLC for a Certificate of Public Convenience and Necessity (“Application”), and know its contents; that the contents of the Application are true and correct to the best of my knowledge, information, and belief; and that I possess full power and authority to sign the Application on behalf of Rover Pipeline Company LLC.

/s/ Stephen T. Veatch

\_\_\_\_\_  
Stephen T. Veatch, Senior Director  
Certificates

Before me, the undersigned authority, personally appeared Stephen T. Veatch, known to me to be the person whose name is subscribed above and the Senior Director of Certificates and Tariffs for Rover Pipeline LLC and who acknowledged to me that he executed same for the purposes therein expressed.

Subscribed and sworn to before me this 20th day of February, 2015.

Name: /s/ Suzanne Samano

\_\_\_\_\_  
Title: Notary Public in the State of Texas

My Commission Expires:

**NOTICE OF APPLICATION**

**UNITED STATE OF AMERICA**  
**Before the**  
**FEDERAL ENERGY REGULATORY COMMISSION**

In the Matter of       §  
                                  §  
Rover Pipeline LLC   §

Docket No. CP15- \_\_\_\_\_ -000

**NOTICE OF APPLICATION**

Take notice that on February 20, 2015, Rover Pipeline LLC (“Rover”) located at 1300 Main Street, Houston, Texas 77002, filed an application in Docket No. CP15-\_\_\_\_-000 pursuant to section 7(c) of the Natural Gas Act (“NGA”), and Parts 157 and 284 of the Commission’s regulations requesting the issuance of a certificate of public convenience and necessity: (1) authorizing Rover to construct, own, and operate a new interstate natural gas pipeline system with a total system capacity of 3.25 billion cubic feet per day, including: approximately 711 miles of 24-inch, 30-inch, 36-inch and 42-inch diameter supply laterals and mainlines extending from the Marcellus and Utica shale supply areas in West Virginia, Pennsylvania and Ohio to a point of interconnection with the Vector Pipeline in Livingston County, Michigan; ten new compressor stations; metering and regulating facilities; and other ancillary facilities (collectively, the “Rover Pipeline”); and (2) approving the *pro forma* FERC NGA Gas Tariff submitted herewith, which includes the authority to enter into negotiated rate agreements, and proposed recourse rates for transportation service of the Rover Pipeline. Rover also requests the issuance of a blanket certificate authorizing Rover to: engage in certain self-implementing routine activities pursuant to blanket certificate authority under Part 157, Subpart F of the Commission’s regulations; and transport natural gas on an open-access and self-implementing basis under Part 284, Subpart G of the Commission’s regulations.

Rover’s filing is available for review at the Commission in the Public Reference Room or may be viewed on the Commission’s website at <http://www.ferc.gov> using the “eLibrary” link. Enter the docket number excluding the last three digits in the docket number filed to access the document. For assistance, please contact FERC Online Support at [FEROnlineSupport@ferc.gov](mailto:FEROnlineSupport@ferc.gov) or toll free at (866)208-3676, or for TTY, contact (202) 502-8659.

Any questions regarding the application may be directed to Stephen T. Veatch, Senior Director, Certificates, Rover Pipeline LLC, 1300 Main Street, Houston, Texas 77002; (713) 989-2024.

There are two ways to become involved in the Commission’s review of this project. First, any person desiring to obtain legal status by becoming a party to the proceedings for this project should, on or before the comment date, file with Federal Energy Regulatory Commission, 888 First Street, NE, Washington, D.C. 20426, a motion to intervene in accordance with the requirements of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.211,

385.214 (2014), and its Regulations under the NGA, *id.* § 157.10. A person obtaining party status will be placed on the service list maintained by the Secretary of the Commission and will receive copies of all documents filed by the applicant and by all other parties. A party must submit 14 copies of filings made with Commission and must mail a copy to the applicant and to every other party in the proceeding. Only parties to the proceeding can ask for court review of Commission orders in the proceeding. Comments and protest may be filed electronically via the Internet in lieu of paper. *See id.* § 385.2001(a)(1)(iii) and the instructions on the Commission's website under the "e-Filing" link. The Commission strongly encourages interveners to file electronically.

However, a person does not have to intervene in order to have comments considered. The second way to participate is by filing with the Secretary of the Commission, as soon as possible, an original and two copies of comments in support of or in opposition to this project. The Commission will consider these comments in determining the appropriate action to be taken, but the filing of a comment alone will not serve to make the filer a party to the proceeding. The Commission's rules require that persons filing comments in opposition to the project provide copies of their protest only to the party or parties directly involved in the protest.

Persons who wish to comment only on the environmental review of this project should submit an original and two copies of their comments to the Secretary of the Commission. Environmental commenters will be placed on the Commission's environmental mailing list, will receive copies of environmental documents, and will be able to participate in meetings associated with the Commission's environmental review process. Commenters will not be required to serve copies of filed documents on all other parties. However, commenters will not receive copies of all documents filed by other parties or issued by the Commission, and will not have the right to seek rehearing or appeal the Commission's final order to a Federal court.

The Commission will consider all comments and concerns equally, whether filed by commenters or those requesting intervenor status. The Commission may issue a preliminary determination on non-environmental issues prior to the completion of its review of the environmental aspects of the project. This preliminary determination typically considers such issues as the need for the project and its economic effect on existing customers of the applicant, on other pipelines in the area, affected landowner and communities. For example, the Commission considers the extent to which the applicant may need to exercise eminent domain to obtain rights-of-way for the proposed project and balances that against the non-environmental benefits to be provided by the project. Therefore, if a person has comments on community and landowner impacts from this proposal, it is important to file comments or to intervene as early in the process as possible.

Comment Date:

Kimberly D. Bose  
Secretary

Exhibit A

Rover Pipeline LLC  
Articles of Incorporation

Rover Pipeline LLC

State Authorizations

Rover Pipeline LLC

Company Officials

**OFFICERS**

**Title**

Warren, Kelcy L.	Chief Executive Officer
McCrea, Marshall S. III	President & Chief Operating Officer
Cargile, Richard A.	President - Midstream
Salinas, Martin Jr.	Chief Financial Officer
Brazaitis, Gregory F.	Chief Compliance Officer
Langston, Michael T.	Vice President and Chief Regulatory Officer
Fletcher, Luke	Executive Vice President - U.S. Interstate
Coffey, Ryan K.	Executive Vice President - Operations
Corman, Shelley A.	Executive Vice President - Commercial Interstate
Curia, Christopher	Executive Vice President & Chief Human Resources Officer
Mason, Thomas P.	Senior Vice President, General Counsel & Secretary
Dolle, Justin K.	Vice President - Financial Reporting
Henry, Kelly	Vice President - Procurement
Krebs, Darryl	Vice President - Tax
Mahmoud, Yousif (Joey)	Senior Vice President - Engineering
Rose, Robert R.	Vice President - Land and Right-of-Way
Stellato, Steven M.	Vice President & Controller
Wright, James M.	Deputy General Counsel and Secretary
Keeler, Paul B.	Associate General Counsel
Healy, William J.	Assistant Secretary
Erwin, Kevin P.	Assistant Secretary

Rover Pipeline LLC's officials are located at its principal office at 1300 Main Street, Houston, Texas 77002.

## Rover Pipeline LLC

### Subsidiaries and Affiliations

Rover Pipeline LLC (“Rover”) is a limited liability company organized and existing under the Delaware Limited Liability Act. Rover is owned 65 percent by ET Rover Pipeline LLC (“ET-Rover”), a subsidiary of Energy Transfer Interstate Holdings, LLC, 20 percent by AE-Midco Rover, LLC and 15 percent by AE-Midco Rover II, LLC. Rover does not, directly or indirectly, own or control an interest in any other person or organized group of persons engaged in the production, transportation, distribution or sale of natural gas, or in the construction or financing of such enterprises.

Energy Transfer Interstate Holdings, LLC, a Delaware limited liability company, owns 100% of the equity interest in ET-Rover, and Heritage ETC, L.P., a Delaware limited partnership, owns 100% of the equity ownership interests in Energy Transfer Interstate Holdings, LLC, and Energy Transfer Partners, L.P. (“ETP”) indirectly owns 100% of the equity interests in Heritage ETC, L.P. Energy Transfer Equity, L.P. (“ETE”) directly or indirectly owns (i) 30,841,069 common units of ETP (8.7%); (ii) 50,160,000 Class H units of ETP, (iii) a 0.7% general partner interest in ETP, through ETE’s ownership interest in Energy Transfer Partners GP, L.P.; and (iv) 100% of the Incentive Distribution Rights of ETP, through ETE’s ownership interest in Energy Transfer Partners GP, L.P. Kelcy L. Warren owns, directly or indirectly, 91,627,110 common units of ETE (17%).

American Energy – Midstream, LLC, an Oklahoma limited liability company, owns 100% of the equity ownership interests in AE-MidCo Rover, LLC and AE-MidCo Rover II, LLC. American Energy Midstream Holdings, LLC, a Delaware limited liability company, owns 100% of the equity ownership interests in American Energy – Midstream, LLC. EMG AE Midstream Holdings, LLC, a Delaware limited liability company owns 91.74% of the equity interests in American Energy Midstream Holdings, LLC. EMG AE Midstream Holdings, LLC is an affiliated investment vehicle of The Energy & Minerals Group, which is the management company for a series of specialized private equity funds focusing on investing across various facets of the global natural resource industry.

Rover Pipeline LLC

Location of Facilities

Rover Pipeline LLC  
Environmental Report

The public portion of the Environmental Report for Rover Pipeline LLC is submitted in Volume II, the CEII portion is submitted in Volume III, and the Privileged and Confidential portion is submitted under Volume IV.

Rover Pipeline LLC

Additional Exhibit

Submitted herewith is the affidavit of Stephen T. Veatch, Senior Director of Certificates for Rover Pipeline LLC, attesting to the notification by first class mail to landowners of record whose property is on or adjacent to the proposed Rover Pipeline Project facilities.

State of Texas            )  
County of Harris        )

AFFIDAVIT OF STEPHEN T. VEATCH

NOW COMES the undersigned, Stephen T. Veatch, and first bring duly sworn upon oath, hereby deposes and states:

1. That he is the Senior Director, Certificates, Rover Pipeline LLC.
2. That Rover Pipeline LLC is filing an application with the Federal Energy Regulatory Commission (“FERC”) seeking permission to construct certain facilities and a certificate of public convenience and necessity authorizing the construction and operation of certain facilities (“Application”).
3. That Rover Pipeline LLC has attempted to identify any person who is the owner of record of real property that is on or adjacent to the Project facilities if FERC approves the Application and that owner of record, at a minimum, has been identified as the individual noted in the most recent county tax records as receiving the tax notice.
4. That on the 3rd business day following the issuance of a Notice of the Application filed with the FERC, Rover Pipeline LLC will make a good faith effort to provide a copy of the Landowner Notification concerning the project by first-class mail to the landowners of records whose property is on or adjacent to the proposed construction.

The undersigned certifies that the foregoing statements of fact are true and correct to the best of his knowledge, information, and belief.

FURTHER AFFIANT SAYETH NOT.

/s/ Stephen T. Veatch  
\_\_\_\_\_

Subscribed to and sworn before me  
This 20th day of February, 2015.

\_\_\_\_\_/s/ Suzanne Suzanne  
Notary Public

Rover Pipeline LLC

List of Landowners and Addresses

List of Landowners and Addresses are designated as **Privileged Information** pursuant to 18 C.F.R. § 388.112 and is submitted in Volume IV.

Rover Pipeline LLC

Flow Diagram Showing Daily Design Capacity and  
Reflecting Operation of Applicant's System With Proposed Facilities Added

Exhibit G is designated as **Critical Energy Infrastructure Information (CEII)**  
pursuant to 18 C.F.R. § 388.112 and is submitted in Volume III.

Rover Pipeline LLC

Flow Diagram Data

Exhibit G-II is designated as **Critical Energy Infrastructure Information (CEII)** pursuant to 18 C.F.R. § 388.112 and is submitted in Volume III.

Rover Pipeline LLC

Market Data

Submitted herewith are the following:

- (1) List of Subscribed Volumes for the Rover Pipeline Project; and
- (2) Precedent Agreements for the Rover Pipeline Project.

The Precedent Agreements are designated as **Privileged Information** pursuant to 18 C.F.R. § 388.112 and are submitted in Volume IV.

## Rover Pipeline LLC

## Market Data

List of Subscribed Volumes for the Rover Pipeline Project  
(Volumes are stated in Dth per day)

**Maximum Daily Contract Quantities**

<u>Shipper</u>	<u>Term</u>	<u>Total Contract Quantity</u>	<u>To Market Zone North (Dawn, PEPL North &amp; Vector)</u>	<u>To Midwest Hub (PEPL/ANR )</u>	<u>To Market Zone South (Trunkline Gas Zone 1A)</u>
A	20-years	1,100,000	450,000	450,000	200,000
B	15-years	800,000	0	800,000	0
C	15-years	200,000	0	0	200,000
D	15-years	150,000	50,000	0	100,000
E	20-years	150,000	150,000	0	0
F	15-years	100,000	75,000	0	25,000
G	20-years	400,000	200,000	0	200,000
H	15-years	100,000	100,000	0	0
I	20-years	100,000	75,000	0	25,000
Total		<u>3,100,000</u>	<u>1,100,000</u>	<u>1,250,000</u>	<u>750,000</u>

Rover Pipeline LLC

Market Data

Precedent Agreements for the Rover Pipeline Project

The Precedent Agreements are designated as **Privileged Information** pursuant to 18 C.F.R. § 388.112 and are submitted in Volume IV.

**Contains Privileged Information – Do Not Release  
(Pursuant to Section 388.112)**

Rover Pipeline LLC

Other Project Maps

Rover Project Map – Other Pipelines;  
Panhandle System Map; and Trunkline Tariff Map

Rover Pipeline LLC

Transportation Precedent Agreements

The Transportation Precedent Agreements are designated as **Privileged Information** pursuant to 18 C.F.R. § 388.112 and are submitted in Volume IV.

**Contains Privileged Information – Do Not Release  
(Pursuant to Section 388.112)**

Rover Pipeline LLC  
Environmental Matrix