

A. EQM's Operations and Role in U.S. Pipeline Industry (Notice Questions (a) and (d))

EQM is a limited partnership formed by EQT Corporation ("EQT") to own, operate, acquire, and develop midstream assets in the Appalachian Basin. EQM currently provides natural gas midstream services to customers across 24 counties in Pennsylvania, West Virginia, and Ohio through its two primary assets: the gathering system, which delivers natural gas from wells and other receipt points to transmission pipelines, and the transmission and storage system, which serves as a header system transmission pipeline. EQM's operations are primarily focused in southwestern Pennsylvania and northern West Virginia, a strategic location in the natural gas shale plays known as the Marcellus, Upper Devonian, and Utica Shales.

As of the end of 2016, EQM's pipeline assets included the following:

- Approximately 950 miles of interstate transmission pipeline;
- Approximately 300 miles of high pressure gathering lines; and
- Approximately 1,500 miles of low pressure gathering lines.

B. Types of Pipelines EQM Constructs and Operates (Notice Questions (c) and 5)

EQM constructs and operates almost exclusively steel pipelines. EQM uses materials other than steel or iron (such as plastic or composite) in less than 2% of its pipelines.

C. EQM's 2016 Revenues (Notice Question (f))

For calendar year 2016, EQM's combined revenues were approximately \$735 million. This combined revenue includes individual revenues from its pipeline (transmission and gathering) and storage operations. All of EQM's operating revenues, income from continuing operations, and assets are generated or located in the United States.

D. EQM's 2016 Pipeline Construction (Notice Question (g))

In 2016, EQM constructed approximately 102 miles of new and replacement pipeline. EQM invested approximately \$292 million on transmission and storage system infrastructure in

2016.³ Total throughput capacity increased by approximately 700 MMcf in 2016 and revenues increased by approximately \$40 million and 13.5%. In addition, EQM spent approximately \$295 million on gathering projects in 2016 that added 155 MMcf per day of firm gathering capacity.⁴ EQM increased gathered volumes by 21% and gathering revenues by 19% in 2016.

E. Future Planned Pipeline Construction (Notice Question 1)

Over the next few years, EQM plans to construct and operate (on behalf of itself or as the operator of jointly-owned pipeline) more than 400 miles of new and replacement pipeline.

F. Federal Permits Required for Construction (Notice Question 7)

The permits, authorizations, concurrences, and consultations required by federal law; the applicable agencies; and the time necessary to complete all necessary federal steps to begin constructing a pipe project depend on the scope and specific attributes of the construction project.

- EQM’s small-scale transmission pipe projects typically involve 6-10 permits, authorizations, concurrences, and consultations required by federal law from federal agencies such as the Federal Energy Regulatory Commission, the U.S. Army Corps of Engineers, the U.S. Fish and Wildlife Service, and the National Park Service, and well as state agencies pursuant to federal law. The number of permits and agencies increase substantially for larger projects. In addition, EQM may be required to receive the same permit from different offices or districts of the same federal agency.

³ The Notice defines the term “pipeline” as referring “to any conduit of pipe used for conveyance of gases, liquids or other products” and including “[p]ipes, valves, fittings, connectors, and other iron and steel assemblies or apparatus attached to the pipe.” The capital spend noted here includes project components that are outside the scope of the Notice, such as compressor stations, as well as other non-equipment project-related costs, particularly labor costs.

⁴ *Id.*

- A February 2013 report from the Government Accountability Office stated that a natural gas pipeline project that required a FERC certificate averaged 18.6 months from pre-filing to FERC certificate, with shorter timelines for smaller projects.⁵ Since the issuance of that report, the average time to receive a FERC certificate has increased. While many of the permits, authorizations, concurrences, and consultations required by federal law may follow schedules that parallel FERC's review schedule and be issued in close proximity to the FERC certificate, there are certain necessary permits that may extend well beyond the issuance of the FERC certificate, such as the permits under Section 401 of the Clean Water Act.

G. EQM's Domestic Sourcing (Notice Questions 2 and 8)

EQM supports the domestic steel and domestic pipe manufacturing industries. As discussed above, EQM procures and installs a substantial amount of pipeline every year and will continue to do so in the future. Notably, EQM already includes pipe manufacturers that are located in the U.S. and use domestic steel in all bidding processes. In fact, over the past three years, EQM has spent at least \$33 million on pipe that was manufactured in the U.S. from domestic steel. EQM has spent even more when considering the equipment and appurtenances that were manufactured in the U.S. from domestic steel.

EQM often orders pipe for projects 6-24 months prior to the beginning of construction, depending on the project schedule, market conditions, manufacturer availability, and other factors. In addition, the pipe for EQM's construction projects is typically manufactured and ready for

⁵ Government Accountability Office, *Pipeline Permitting: Interstate and Intrastate Natural Gas Permitting Processes Include Multiple Steps, and Time Frames Vary* (issued Feb. 2013), available at <http://www.gao.gov/assets/660/652225.pdf>.

construction prior to the project receiving all necessary permits. These steps are necessary for EQM to meet its project construction schedules and satisfy its customers' service demands.

H. Recommendations for the Plan

Because the Plan has not yet been developed or issued for public comment, EQM seeks to limit herein any speculation as to the scope, applicability, or any specific details, requirements, or issues that might be included in, or arise from, the Plan. EQM may elect to address additional relevant issues at a later time prior to implementation of the Plan. However, there are certain important considerations that should be addressed in the Plan. EQM recommends that the Plan clarify that any domestic sourcing requirements apply only prospectively from the date the Plan (in the form of a statute, regulation, or otherwise) is approved. Thus, the Plan should include a bright line exemption for ongoing projects, such as projects that have existing shipper commitments, projects that have begun the regulatory permitting process, and projects that have existing orders for pipe and other project equipment. Similarly, the Plan should exempt any previously-manufactured pipeline a company may have in stock. This recommendation focuses on the need for financial and regulatory certainty for pipeline operators, the customers and consumers that rely on the transportation services provided by these operators, and pipeline manufacturers, with respect to ongoing and imminent pipeline construction as the President's initiative is further developed.

EQM also recommends that the Plan consider instances where the pipeline could not be procured domestically in amounts, sizing, technical specifications, or timeframes needed for a future pipeline project and clarify any exemptions that may apply. This is especially important where the pipe is needed on an expedited basis for a replacement project necessitated by safety concerns. One circumstance to note is that there are considerably more domestic suppliers for smaller diameter pipes than larger diameter pipes, which by itself may affect EQM's ability to

procure the necessary pipe for a specific project. Like any company that is purchasing highly-technical and expensive materials, there are capability, availability, capacity, and other considerations that affect EQM's pipe and equipment purchasing decisions. Any requirement that increases the cost of pipe and equipment might affect project viability and the operator's future ability to expand or extend existing pipeline systems. EQM recommends that the Plan consider the multitude of factors involved in the sourcing decisions of pipeline operators.

EQM appreciates the opportunity to provide these comments to assist the Department in its development of the Plan. If you have any questions, please do not hesitate to contact me.

Respectfully submitted,

EQT MIDSTREAM PARTNERS, LP

A handwritten signature in blue ink that reads "M. Elise Hyland". The signature is written in a cursive style and is positioned above a horizontal line.

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