

Ashley L. Adkins aadkins@vanattys.com ext. 230

November 5, 2015

Via Fedex Delivery Kentucky Public Service Commission C/O Mr. Jeff Derouen Executive Director 211 Sower Boulevard; P.O. Box 615 Frankfort, Kentucky 40602-0615

Re.: Case No. 2015-00269

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PUBLIC SERVICE COMMISSION

Dear Mr. Derouen:

Please find enclosed an original and ten copies of EQT Gathering, LLC's (referred to in the Complaint as EQT Midstream) bound, tabbed, and indexed responses to the Public Service Commission's Initial Request for Information. You will also find enclosed EQT Gathering, LLC's Motion Objecting to Certain Requests, or in the Alternative, Petition for Confidential Treatment. Along with the Motion, we have enclosed two documents, under seal, pursuant to 807 KAR 5:001, Section 13(2)(a)(3)(b) in the event that the Commission overrules our stated objections.

We have attempted to respond to the Requests for Information as completely as possible. Should our responses require clarification or supplementation, please contact Kim McCann at 606-329-2929.

Thank you,

Ashlev L. Adl

Enclosures

1544 Winchester Avenue, Fifth Floor • Post Office Box 1111 • Ashland, Kentucky 41105-1111

TOLL FREE 800.598.8653 PHONE 606.329.2929 FAX 606.329.0490 (00497298-2.1

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# THOMAS RICHARD THACKER and SHANNON CHAPMAN THACKER,

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PUBLIC SERVICE COMMISSION

COMPLAINANT,

v.

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EQT GATHERING, LLC ("EQT"),

#### EQT GATHERING, LLC'S MOTION OBJECTING TO CERTAIN REQUESTS FOR INFORMATION, OR IN THE ALTERNATIVE PETITION FOR CONFIDENTIAL PROTECTION

Comes the Defendant, EQT Gathering, LLC (referred to in the Complaint as EQT Midstream) by and through the undersigned counsel, and pursuant to 807 KAR 5:001, and states its objections to certain requests made by the Public Service Commission ("Commission") in its Initial Request for Information, served October 28, 2015. Should the Commission overrule these objections, EQT Gathering, LLC, in the alternative, petitions the Commission that certain information be treated as confidential pursuant to 807 KAR 5:001, Section 13 and KRS 61.878(1).

#### EQT'S OBJECTIONS TO CERTAIN REQUESTS

1. Request Number 2 asks that EQT Gathering, LLC provide an organizational chart. Neither EQT Gathering, LLC nor EQT Production Company, the two EQT entities operating in the Commonwealth of Kentucky, have a separate organizational chart. EQT Corporation, the parent of both EQT Gathering, LLC and EQT Production Company, does have a total global organizational chart. EQT Gathering, LLC objects to production of this chart on the ground that it is not relevant to the above referenced matter. This matter involves EQT Gathering, LLC's operation

DEFENDANT.

of the pipeline servicing the Thacker's residence. That pipeline, as discussed herein, is operated pursuant to an Agreement with EQT Production Company. In response to Request Number 1, EQT Gathering, LLC fully and clearly explained the corporate structure and identity of both EQT Gathering, LLC and EQT Production Company. In Response Numbers 5 and 6(a), EQT Gathering, LLC fully explains EQT Gathering LLC's relationship to the identified entities. Therefore, production of a global organizational chart is irrelevant to the EQT entities operating in the Commonwealth of Kentucky and to this matter. If the Commission overturns this objection, EQT Gathering, LLC requests that the chart be afforded confidential treatment pursuant to 807 KAR 5:001, Section 13 and KRS 61.878(1).

2. Request Number 4 asks that EQT Gathering, LLC identify all pipelines and producing wells in Kentucky. EQT Gathering, LLC objects on the grounds that this request is overly broad, unduly burdensome, and irrelevant. It is known that EQT Gathering, LLC and EQT Production Company have an extensive number of pipelines and wells throughout the Eastern Kentucky region. Production of this information would be unduly burdensome on EQT Gathering, LLC. Moreover, the information is not relevant. KRS 478.285 provides that farm tap customers may be eligible for gas service if a pipeline or well exists within one-half (1/2) air mile radius of their residence. Therefore, listing every gas pipeline and well that EQT Gathering, LLC operates in Eastern Kentucky is not relevant to whether service must be provided to the Thackers in this case. Accordingly, EQT Gathering, LLC has identified, in response to Request Number 4, all wells and pipelines within a one-half (1/2) mile

radius of the Thacker's residence and believes this to be sufficient in this circumstance.

3. Request Number 6(c), 6(c) 1, and 6(c) 2, asks for information regarding all farm tap customers acquired as a result of EQT becoming the successor in interest to Ashland Exploration, Inc. As explained in response to Request 5(e), as a result of the described business transactions, EQT Production Company is the successor in interest to Ashland Exploration, Inc. Because this action is filed against EQT Gathering, LLC, the operator of the pipeline, customers who receive service as a result of EQT Production Company being the successor in interest to Ashland Exploration, Inc. are irrelevant. Moreover, due to the chain of business transactions described in Response to Request 6(a), it would be almost impossible to ascertain these customers. In an attempt to provide the Commission with necessary information, EQT Gathering, LLC has provided the number of farm tap customers served by the PK-2016 line in Response to Request number 6(c).

4. Request Number 7 asks EQT Gathering, LLC to identify the presence of plant, property, and equipment assets ("PP&E") in the Commonwealth of Kentucky. EQT Gathering, LLC objects to this request as irrelevant, unduly burdensome, and overly broad. All PP&E in the Commonwealth is irrelevant to whether EQT Gathering, LLC has the contractual right to terminate service to the Thackers or must provide service to the Thackers. It is widely known and admitted that EQT Production Company and EQT Gathering, LLC have vast amounts of PP & E in Kentucky, production of information related to each would be unduly burdensome, irrelevant, not readily available, confidential and proprietary.

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#### EQT'S PETITION FOR CONFIDENTIAL PROTECTION

1. The Kentucky Open Records Act, KRS 61.878 (1)(c), exempts from disclosure records required to be disclosed by an agency that are generally recognized as confidential or proprietary and which, if disclosed, would permit an unfair commercial advantage to competitors of the entity that disclosed the records.

2. In Response to Request Number 2, a global organizational chart of EQT Corporation and its subsidiaries exists. However, release of the chart to the public domain would harm all EQT companies by providing its competitors with information regarding EQT Corporation's internal structure, organization, and financial make up. The Kentucky Supreme Court has recognized that information concerning the inner workings of a corporation are generally recognized as confidential or proprietary. *Hoy v. Ky. Indus. Revitalization Authority*, 907 S.W.2d 766, 768 (Ky. 1995).

3. In Response to Request Number 6(b), EQT can provide a copy of the Agreement between EQT Gathering, LLC and EQT Production Company for operation of the pipeline servicing the Thacker's residence. However, when the Agreement was entered into, it was intended, as evidenced by Section 23, to be confidential among the parties. The parties insisted on confidentiality of the Agreement because disclosure of such would harm EQT Production Company and EQT Gathering, LLC by providing competing entities with financial data, private terms, data regarding EQT's Gathering, LLC's operations and infrastructure, and other sensitive terms of the Agreement. Entities are more likely to enter into contracts when they know that sensitive terms will not be made known to competitors. Diminishing the ability of EQT companies to contract freely between companies with the best possible terms

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may harm its customers and jeopardize its ability to negotiate contracts with third parties. Therefore, EQT Gathering, LLC requests that this Agreement be given confidential treatment if its disclosure is necessary.

4. In Response to Request Number 7, EQT Gathering, LLC has not identified its PP& E, as the information is not readily accessible. Should EQT Gathering, LLC be required to respond, EQT Gathering, LLC asks that any disclosure be limited and it be able to do so under a seal of confidentiality. Release of this information would put EQT Gathering, LLC at a disadvantage with its vendors whom it enters into contracts with for purchase of equipment and other infrastructure. Additionally, release would give EQT Gathering, LLC's competitors an advantage by providing access to confidential financial and equipment information which may be used as leverage for future business transactions and during competitive situations. The Kentucky Supreme Court has held records that permit competitors to ascertain the economic status of a private entity are confidential pursuant to KRS 61.878(1)(c)(1). See Marina Management Service, Inc. v. Com. of Ky. Cabinet for Tourism, 906 S.W.2d 318, 319 (Ky. 1995). See also Hoy v. Ky. Indus. Revitalization Authority, 907 S.W.2d 766, 768 (Ky. 1995)(Holding that a company's productivity, efficiency, and financial stability are confidential and proprietary pursuant to KRS 61.878(1)(c)(1)).

5. The information sought by the Commission in Request Numbers 2, 6(b), and 7 are not known outside of EQT Corporation and are not disseminated within EQT Corporation except to those employees with a legitimate business need to know

and act upon the information, and is generally recognized as confidential and proprietary in the industry.

6. In accordance with 807 KAR 5:001, Section 13(2)(a)(3)(b), EQT Gathering, LLC seeks confidential protection of the entirety of the organizational chart if required to be produced pursuant to Request Number 2, and of the Agreement, if required to be produced pursuant to Request Number 6(b). Pursuant to 807 KAR 5:001, Section 13 (2)(a)(3), EQT is filing one (1) copy of both the organizational chart and Agreement in a separate sealed envelope marked confidential in the event the general objection is overruled.

7. In the event the Commission overrules EQT Gathering, LLC's objection to Request Number 7 and EQT Gathering, LLC is required to provide PP & E information, EQT Gathering, LLC seeks confidential protection of its entire anticipated response in accordance with 807 KAR 5:001, Section 12(2)(a)(3)(b) and that the information be limited in scope.

8. If the Commission disagrees with any of the above requests for confidential protection, EQT Gathering, LLC requests an evidentiary hearing (a) to protect EQT Gathering, LLC's due process rights and (b) to supply the Commission with a complete record to enable it to reach a decision with regard to each matter.

9. EQT Gathering, LLC respectfully requests that its responses, if required, to Request Numbers 2, 6(b), and 7 be kept confidential indefinitely. As long as EQT Corporation and EQT Gathering, LLC are in existence, release of its corporate structure will provide its competitors with a competitive advantage. EQT Gathering, LLC's Pipeline Agreements are to last for as long as all the pipelines it regulates are in

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good repair and do not have an expected end date in sight. Likewise, release of EQT Gathering, LLC's total Kentucky PP & E will place EQT Gathering, LLC at a competitive disadvantage with its competitors so long as EQT Gathering, LLC remains in existence in the Commonwealth of Kentucky.

Respectfully Submitted,

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Kimberly S. McCann Ashley L. Adkins VANANTWERP ATTORNEYS, LLP 1544 Winchester Avenue, Fifth Floor P.O. Box 1111 Ashland, KY 41105-1111 Office: (606) 329-2929 Fax: (606) 329-0490 <u>kmccann@vanattys.com</u> <u>aadkins@vanattys.com</u> *Counsel for EQT Gathering, LLC* 

#### **CERTIFICATE OF SERVICE**

I hereby certify that a true and accurate copy of the foregoing was served via regular U.S. Mail, postage prepaid, upon the following:

Thomas Richard Thacker and Shannon Chapman Thacker 4722 Spurlock Creek Prestonsburg, KY 41653 *Pro Se Complainant* 

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#### Original via FedEx Overnight to:

Jeff Derouen, Executive Director Commonwealth of Kentucky Public Service Commission 211 Sower Blvd. P.O. Box 615 Frankfort, KY 40602-0615

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. This  $5^{th}$  day of November, 2015.

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Counsel for EQT Gathering, LLC

# THOMAS RICHARD THACKER and SHANNON CHAPMAN THACKER,

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### EQT GATHERING, LLC ("EQT"),

### EQT GATHERING, LLC'S RESPONSE TO COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION INDEX

CertificationsAttached
Request Number 1Pages 1 and 2 Witness: Merle Caudill and Joseph Gilmore
Request Number 2Page 2 Witness: Merle Caudill and Joseph Gilmore
Request Number 3Pages 2 and 3 Witness: Maverick Bentley
Request Number 4Pages 3 and 4 Witness: Maverick Bentley and Joshua Cochran
Request Number 5Pages 4 and 5 Witness: Joseph Gilmore
Request Number 6Pages 5, 6, and 7 Witness: Joseph Gilmore, Joshua Cochran, and Maverick Bentley
Request Number 7 Page7 Witness: Merle Caudill and Joseph Gilmore
Request Number 8Page 8

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PUBLIC SERVICE COMMISSION

COMPLAINANT,

DEFENDANT.

# Witness: Merle Caudill, Joshua Cochran, and Maverick Bentley

Request Number 9	Page 8
Witness: Joseph Gilmore and Maverick Bentley	-
Degreet Number 10	
Request Number 10	Pages 8 and 9
Witness: Maverick Bentley	
Request Number 11	Pages 9.10, and 11
Witness: Maverick Bentley and Joshua Cochran	
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Exhibits	A () 1 1
EXHIDIUS	Attached

# THOMAS RICHARD THACKER and SHANNON CHAPMAN THACKER,

COMPLAINANT,

v.

EQT GATHERING ("EQT"),

#### DEFENDANT.

#### **CERTIFICATE**

#### STATE OF KENTUCKY)

### COUNTY OF Pike )

Merle Caudill, being duly sworn, states that he is an authorized representative of EQT Gathering, LLC and that he has assisted in the preparation of the responses of EQT Gathering, LLC to the Public Service Commission Staff's Request for Information dated October 28, 2015, in the above-referenced case, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained herein are true and correct to the best of his information, knowledge, and belief, formed after a reasonable inquiry.

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Subscribed and sworn before me on this 4 day of 1000

2015 Notary Publi

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# THOMAS RICHARD THACKER and SHANNON CHAPMAN THACKER,

COMPLAINANT,

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EQT GATHERING ("EQT"),

DEFENDANT.

#### **CERTIFICATE**

#### STATE OF KENTUCKY)

county of Pike

Maverick Bentley, being duly sworn, states that he is an authorized representative of EQT Gathering, LLC and that he has assisted in the preparation of the responses of EQT Gathering, LLC to the Public Service Commission Staff's Request for Information dated October 28, 2015, in the above-referenced case, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained herein are true and correct to the best of his information, knowledge, and belief, formed after reasonable inquiry.

Maverick Bentley

Subscribed and sworn before me on this 4 day of November, 2015.

Notary Public

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# THOMAS RICHARD THACKER and SHANNON CHAPMAN THACKER,

COMPLAINANT,

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EQT GATHERING ("EQT"),

DEFENDANT.

#### CERTIFICATE

#### STATE OF KENTUCKY)

COUNTY OF <u>Pike</u>)

Joshua Cochran, being duly sworn, states that he is an authorized representative of EQT Gathering, LLC and that he has assisted in preparation of the responses of EQT Gathering, LLC to the Public Service Commission Staff's Request for Information dated October 28, 2015, in the above-referenced case, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge, and belief, formed after reasonable inquiry.

Joshua Cochran

Subscribed and sworn before me on this <u>4</u> day of <u>Normber</u>, 2015.

Notary Public

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# THOMAS RICHARD THACKER and SHANNON CHAPMAN THACKER,

#### COMPLAINANT,

v.

#### EQT GATHERING ("EQT"),

#### DEFENDANT.

#### CERTIFICATE

# STATE OF WEST VIRGINIA) COUNTY OF Kanawha)

Joseph Gilmore, being duly sworn, states that he is an authorized representative of EQT Gathering, LLC and that he has assisted in the preparation of the responses of EQT Gathering, LLC to the Public Service Commission Staff's Request for Information dated October 28, 2015, in the above-referenced case, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained herein are true and correct to the best of his information, knowledge, and belief, formed after a reasonable inquiry.

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Subscribed and sworn before me on this  $4^{\text{H}}$  day of November , 2015.



Notary Rublic

# THOMAS RICHARD THACKER and SHANNON CHAPMAN THACKER,

COMPLAINANT,

v.

EQT GATHERING, LLC ("EQT"),

DEFENDANT.

#### EQT GATHERING, LLC's RESPONSE TO COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION

Comes the Defendant, EQT Gathering, LLC (referred to as EQT Midstream in the Complaint), pursuant to 807 KAR 5:001, by and through the undersigned counsel, and witnesses as stated, and in response to the Public Service Commission's Request for Information served on October 28, 2015, responds as follows:

#### **RESPONSES**

**REQUEST NO. 1:** Provide the names of any persons or entities that control or are controlled by, or are under common control or ownership with EQT, EQT Production, EQT Midstream, and EQT Distribution.

#### WITNESS: Merle Caudill and Joseph Gilmore.

**RESPONSE NO. 1:** There is no entity known as EQT Distribution. EQT Gathering, LLC, is sometimes referred to as EQT Midstream and is an indirect subsidiary of EQT Corporation, a publicly traded company. EQT Production Company is also an indirect subsidiary of EQT Corporation. There is an entity known as EQT Midstream Partners, LP, which is also a publicly traded limited partnership and an indirect subsidiary of EQT Corporation. EQT Gathering, LLC and

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EQT Production Company are the only EQT Corporation entities actively operating in the Commonwealth of Kentucky that are relevant to the above referenced case. We have not included finance and investment holding companies since we assume these are not relevant.

**REQUEST NO. 2:** Provide an organizational chart of EQT.

#### WITNESS: Merle Caudill and Joseph Gilmore.

**RESPONSE NO. 2**: EQT Gathering, LLC does not have a separate organizational chart just for its organization. Nor does EQT Production Company. EQT Corporation, however has an organizational chart for its subsidiaries and total global organization. EQT Corporation and EQT Gathering, LLC, object to production of this chart because it is classified by EQT Corporation as confidential/proprietary. Moreover, EQT Corporation's total structure is not relevant to the EQT entities operating in Kentucky. In response to Request Number 1, EQT Gathering, LLC has identified the corporate entities operating in Kentucky that are relevant to this matter and explained their corporate structure.

If the Commission is unsatisfied with the response above, EQT Gathering, LLC can provide EQT Corporation's total organizational chart, but requests to file the chart under seal pursuant to an Agreed Protective Order to prevent release of the chart to the public domain and competitors. See EQT Gathering, LLC's Motion Objecting to Certain Requests for Information, or in the Alternative, Petition for Confidential Protection filed with the Commission on this same date.

**REQUEST NO. 3:** Explain whether EQT has any Commission approved tariffs. If so, state the entity under which those tariffs are filed.

#### WITNESS: Maverick Bentley.

**RESPONSE NO. 3:** There is a commission approved tariff under EQT Production Company, effective August 11, 2005 and issued August 25, 2005. EQT Gathering, LLC has no tariff.

**REQUEST NO. 4:** Explain whether any of EQT's pipelines transport gas from producing wells located within Kentucky. If so, identify the producing wells and the pipelines.

#### WITNESS: Maverick Bentley and Joshua Cochran.

<u>RESPONSE NO. 4</u>: This request is overly broad, unduly Objection. burdensome, and irrelevant. Identification of gas producing wells outside the onehalf (1/2) mile radius from the Thacker's residence is irrelevant to this matter. Moreover, this request is overly broad and unduly burdensome since EQT Production Company operates wells throughout the eastern Kentucky counties identified in response to Request Number 8 below. Without waiving said objection, EQT Gathering, LLC has identified Two (2) gas producing wells, evidenced as 566972 and 566973 on the map attached as Exhibit A, that are potentially within a one-half (1/2) air-mile radius of the Thacker's residence. EQT Gathering, LLC has also identified Pipeline WL 566972 as potentially being located within one-half (1/2) airmile radius of the Thacker's residence, as shown on the map attached as Exhibit A. Should the Thackers desire to be connected to one of the identified sources, they may apply to be farm tap customers pursuant to KRS 278.485 and 807 KAR 5:026. This does not change EQT Gathering, LLC's contractual right to abandon the PK-2016 line that is currently servicing the Thacker residence. See Agreement, attached as

**Exhibit B**. No wells are proposed to be abandoned as a part of the abandonment of PK-2016. See EQT Gathering, LLC's Motion Objecting to Certain Requests for Information, or in the Alternative, Petition for Confidential Protection filed with the Commission on this same date.

**REQUEST NO. 5:** Explain the relationship between EQT and Ashland Exploration, Inc. ("Ashland"), Barnes Transportation Company, Chesapeake Energy, and Columbia Gas Mission Company.

#### WITNESS: Joseph Gilmore.

**<u>RESPONSE NO. 5</u>**: EQT has the following relationships with the identified entities:

- a. Ashland Exploration, Inc.: As described more fully in response to Request Number 6 below, EQT Production Company is the successorin-interest of Ashland Exploration, Inc., but EQT Gathering, LLC operates PK-2016.
- Barnes Transportation Company: Neither EQT Gathering, LLC nor EQT
  Production Company have relationships with Barnes Transportation
  Company as it pertains to this matter.
- c. Chesapeake Energy: Neither EQT Gathering, LLC nor EQT Production Company have relationships with Chesapeake Energy as it pertains to this matter.
- d. Columbia Gas Mission Company: Neither EQT Gathering, LLC nor EQT
  Production Company have relationships with Columbia Gas
  Transmission as it pertains to this matter.

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e. There are other potential relationships that are irrelevant to this matter.

**REQUEST NO. 6:** Refer to EQT's response to the Complaint, Item 2, Exhibit A.

a. When did EQT become the successor-in-interest to Ashland?

b. Provide documentation which identifies EQT's status as successor- ininterest to Ashland's contract with the Thackers.

c. Provide the total number of customers who receive service pursuant to KRS 278.485 ("farm tap customers"), in addition to the Thackers, as the result of EQT's becoming the "successor-in-interest" to Ashland.

(1) Provide the number of these farm tap customers to whom EQT has terminated service.

(2) For each such contract terminated by EQT, provide the justification.

#### WITNESS: Joseph Gilmore, Joshua Cochran, and Maverick Bentley.

**RESPONSE NO. 6:** EQT Production Company is the successor-in-interest to Ashland Exploration, Inc.'s contract with the Thackers. In reference to Item 2, Exhibit A attached to EQT's response:

a. On or about March 13, 1997, Ashland Exploration, Inc. changed its name to Blazer Energy Corp. On or about August 19, 1999, Blazer Energy Corp. changed its name to Eastern States Oil & Gas, Inc. On or about May 24, 2000, Eastern States Oil & Gas, Inc. changed its name to Equitable Production-Eastern States, Inc. On or about April 13, 2001, Equitable Production-Eastern States, Inc., merged with and into Equitable Production Company. On or about March 18, 2009, Equitable

Production Company changed its name to EQT Production Company. Therefore, EQT Production Company, due to the above described transactions, is the successor-in-interest to Ashland Exploration, Inc. EQT Gathering, LLC, however, operates the pipeline PK-2016 servicing the Thacker's residence pursuant to the Pipeline Agreement identified in response to Request Number 6(b) below.

- b. EQT Production Company and EQT Gathering, LLC entered into a Pipeline Agreement on or about January 1, 2005. Pursuant to that Agreement, EQT Gathering, LLC operates the PK-2016 pipeline servicing the Thacker's residence. EQT Gathering, LLC objects to production of the Pipeline Agreement, as it is classified by EQT Gathering, LLC as confidential/proprietary. In the alternative, EQT Gathering, LLC may produce the Agreement under seal and pursuant to an Agreed Protective Order to prevent release of the Agreement to the public and its competitors.
- c. Objection. This request is not relevant. The total number of farm tap customers EQT Production Company acquired as a result of being successor in interest to Ashland Exploration, Inc. is not relevant to abandonment of the PK-2016 line. Without waiving said objection, EQT Production Company, as the successor in interest to Ashland Exploration, Inc, in addition to the Thackers, acquired Five (5) additional farm tap customers and Two (2) discount customers to the PK-2016 line. See EQT Gathering, LLC's Motion Objecting to Certain

Requests for Information, or in the Alternative, Petition for Confidential Protection filed with the Commission on this same date.

1. Objection stated in Response 6(c) renewed. Without waiving said objection, in addition to the Thackers, all Five (5) farm tap and Two (2) discount customers connected to the PK-2016 pipeline will be terminated because the line will be abandoned. For more information, see Response Number 11 (b) below.

2. Objection stated in Response 6(c) renewed. Without waiving said objection, see Response Number 11(f) below.

**REQUEST NO. 7:** Explain whether EQT has plant, property and equipment ("PP&E") assets in the Commonwealth of Kentucky. If so, provide by plant account the kinds of PP&E assets and the age of those assets.

#### WITNESS: Merle Caudill and Joseph Gilmore.

**RESPONSE NO. 7:** Objection. This request is irrelevant, unduly burdensome, overly broad, and seeks confidential/proprietary information. The presence of plant, property, and equipment assets ("PP&E") in the Commonwealth of Kentucky is not relevant to determining (1) whether EQT Gathering, LLC terminated service to the Thackers pursuant to the Contract, attached hereto as Exhibit B or (2) whether EQT Gathering, LLC is required to provide service to the Thackers. Moreover, the kinds and age of PP&E at each plant are confidential and proprietary. It is widely known and admitted that EQT Production Company and EQT Gathering, LLC have vast amounts of PP & E in Kentucky.

**REQUEST NO. 8:** Identify the counties in Kentucky where EQT operates and state whether it has a recognized franchise territory. If so, describe.

#### WITNESS: Merle Caudill, Joshua Cochran, and Maverick Bentley.

**RESPONSE NO. 8**: EQT Gathering, LLC operates in the following Kentucky counties: Floyd, Johnson, Knott, Lawrence, Letcher, Magoffin, Martin, Perry, and Pike. EQT is uncertain of the Commission's definition of "recognized franchise territory." EQT Gathering, LLC, however, has no known franchised grant of right to use public property pursuant to a contract with a municipality or government entity.

**REQUEST NO. 9:** Explain whether EQT files a Federal Energy Regulatory Commission ("FERC") Form 2. If so, provide the years that EQT filed a FERC Form 2.

#### WITNESS: Joseph Gilmore and Maverick Bentley.

**RESPONSE NO. 9:** EQT Gathering, LLC does not file a Federal Energy Regulatory Commission Form 2.

**REQUEST NO. 10:** By county, how many farm tap customers does EQT currently serve in Kentucky?

#### WITNESS: Maverick Bentley.

**RESPONSE NO. 10:** EQT Gathering, LLC and/or EQT Production Company have approximately One Thousand Sixteen Hundred Ninety-Six (1,696) farm tap customers in Kentucky. By county, there are approximately Four Hundred Thirty-Three (433) farm tap customers in Floyd County; Eight (8) farm tap customers in Johnson County; Two Hundred Thirty-One (231) farm tap customers in Knott County; One (1) farm tap customer in Lawrence County; Six (6) farm tap customers in Letcher County; Three (3) farm tap customers in Magoffin County; Fifteen (15)

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farm tap customers in Martin County; Nineteen (19) farm tap customers in Perry County; and Nine Hundred Eighty-Two (982) farm tap customers in Pike County. These calculations include full rate customers, reduced rate customers, limited-free customers, and free gas customers.

**REQUEST NO. 11:** Refer to EQT's response, Item No. 4.

a. Provide the identification name, installation date, size, material, whether the pipeline is buried or above ground, and kind (such as flowline or gathering) of the pipeline to be abandoned serving the Thacker residence and of any interconnected pipeline.

b. Explain whether there are other farm tap customers affected by the abandonment of the pipeline serving the Thacker residence. If so, identify the total number of customers whose service will be discontinued because of abandonment of the pipeline and connected wells.

c. Identify the wells to be abandoned by their Kentucky Division of Oiland Gas Permit Number, lease name and location.

d. Explain how EQT will abandon its pipeline. Identify if the pipeline will be disconnected from all sources of gas, purged of gas, and sealed at its ends.

e. Explain how each service connection will be abandoned.

f. Provide the specific business reason for the abandonment of the pipeline.

#### WITNESS: Maverick Bentley and Joshua Cochran.

**RESPONSE NO. 11**: In referring to Paragraph 4 of EQT Gathering, LLC's Response:

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- a. It is believed that Line PK-2016, servicing the Thacker's residence, was installed sometime between 1926 and 1930. It is comprised of pipe that is 2" to 6" inches in diameter. The line was originally installed as a buried steel pipeline. Line PK-2016 is a gathering line that formerly gathered locally produced gas from a variety of wells in the Floyd County Area.
- As a result of abandoning the pipeline, in addition to the Thackers, service to Five (5) residential farm tap customers and Two (2) discount customers will be terminated.
- No wells are proposed to be abandoned by EQT Production Company as a result of abandoning the PK-2016 pipeline.
- d. EQT Gathering, LLC will follow all applicable local, state, and federal law, in addition to internal regulations, to abandon the pipeline including disconnecting the pipeline from all sources of gas, purging the abandoned segment of pipe, and sealing the ends of the pipe segment(s).
- e. Each service connection will be physically disconnected from PK-2016 at the domestic farm tap. The meter, regulators, and all other aboveground appurtenances will be removed.
- f. EQT Gathering, LLC, as pipeline operator, made a business decision to abandon the pipeline after determining that it was no longer feasible to maintain or repair PK-2016. Accordingly, EQT Gathering, LLC

exercised its contractual right to abandon the pipeline by providing the

Thackers with thirty (30) days notice of its intent to abandon PK-2016.

See Agreement, attached hereto as Exhibit B.

Respectfully Submitted,

Kimberly S. McCann Ashley L. Adkins VANANTWERP ATTORNEYS, LLP 1544 Winchester Avenue, Fifth Floor P.O. Box 1111 Ashland, KY 41105-1111 Office: (606) 329-2929 Fax: (606) 329-0490 <u>kmccann@vanattys.com</u> <u>aadkins@vanattys.com</u> *Counsel for EQT Gathering, LLC* 

#### CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was served via regular U.S. Mail, postage prepaid, upon the following:

Thomas Richard Thacker and Shannon Chapman Thacker 4722 Spurlock Creek Prestonsburg, KY 41653 *Pro Se Complainant* 

#### Original via FedEx Overnight to:

Jeff Derouen, Executive Director Commonwealth of Kentucky Public Service Commission 211 Sower Blvd. P.O. Box 615 Frankfort, KY 40602-0615

This  $\int day$  of November, 2015.

Counsel for EQT Gathering, LLC



# ASHLAND EXPLORATION, INC.

THIS CONTRACT, made by and between ASHLAND EXPLORATION, INC., a Delaware Corporation, hereinafter called the Company, and

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hereinafter called the Customer (whether one or more).

#### WITNESSETH:

Subject to the terms and conditions attached as Exhibit "A"to this Contract, and to 807 KAR 50:045, Sections 1 - 6 (being the rules and regulations of the Kentucky Energy Regulatory Commission, now called the Kentucky Public Service Commission, implementing the provisions of KRS 278.485(3) relating to the installation and standards of safety for service lines), all of which are incorporated in and-made a part of this Contract, the Company agrees to sell and the Customer agrees to buy natural gas at rates as may be established by the Company from time to time.

The rate for natural gas sold and purchased hereunder shall be the weighted average of the maximum lawful prices (including monthly escalations and allowances for severance taxes and gathering and/or transportation charges) established by the Natural Gas Policy Act of 1978 and applicable to the natural gas sold or furnished by Company to all customers served by Company in the State of Kentucky pursuant to the provisions of KRS 278.485 and/or pursuant to any lease or right-of-way agreement. If any necessary approval authorizing Company to charge and collect such weighted average price is denied by any regulatory authority having jurisdiction thereof then the rate for natural gas sold and purchased hereunder shall be the maximum lawful price (including monthly escalations and allowances for severance taxes and gathering and/or transportation charges) applicable to the specific NGPA category of natural gas sold to

Customer hereunder. Company agrees to pay Customer the amount of any overcharge which may become due for deliveries between the date deliveries are begun hereunder and the date on which any regulatory authority having jurisdiction

over the rates and charges of the Company denies approval of the rate hereinabove provided for. In the event that any portion or all of the gas sold to Customer becomes deregulated so that the maximum lawful prices established by the Natural Gas Policy Act of 1978 no longer apply, the maximum price that Company will charge for the deregulated portion of the gas will be the price charged for such gas to the pipeline company to which gas from the same stream is also being sold at that time. Company shall have the right from time to time upon fifteen (15) days' notice unilaterally to establish a different rate methodology applicable to the gas sold hereunder, and, if necessary, to file for approval with any regulatory authority

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### having jurisdiction thereof.

By order of the Federal Energy Regulatory Commission, Company is permitted to sell natural gas pursuant to this contract only for a high-priority use, which means any (1) use of natural gas in a residence; (2) use of natural gas in a commercial establishment in amounts less than fifty (50) Mcf on a peak day; or (3) use of natural gas the curtailment of which the President determines would endanger life, health, or maintenance of physical property. By executing this contract, Customer certifies and warrants that it will use gas delivered hereunder only for such a high-priority use. Service to the Customer shall be terminated or curtailed if the customer does not use the gas for a high-priority use.

This contract shall continue in force until cancelled or terminated by either party by the giving of fifteen (15) days' written notice to the other party; and when mailed, said notice shall be deemed delivered as of the date same is deposited in the mail, properly stamped and addressed.

WARNING! THE NATURAL GAS SOLD UNDER THIS AGREEMENT IS DANGEROUS IF BREATHED, AND MAY CAUSE SERIOUS PERSONAL INJURY OR DEATH: FURTHER, THE GAS MAY CONTAIN DELETERIOUS SUBSTANCES WHICH, WHEN BURNED, MAY RELEASE TOXIC OR POISONOUS SUBSTANCES INTO THE AIR WHICH MAY CAUSE SERIOUS PERSONAL INJURY, DEATH OR DAMAGE TO PROPERTY. THE GAS SOLD HEREUNDER IS NOT ARTIFICIALLY ODORIZED AND ITS PRESENCE MAY NOT BE DETECTABLE BY YOU.

NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY. THE NATURAL GAS DELIVERED HEREUNDER IS BEING SOLD BY ASHLAND EXPLORATION,... TO YOU "AS IS" WITHOUT RECOURSE, COVENANT, OR WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, ASHLAND EXPLORATION, INC., EXPRESSLY DISCLAIMS AND NEGATES (A) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (C) ANY OTHER WARRANTY OF ANY KIND OR NATURE WHATSOEVER, WHETHER THE SAME BE EXPRESS, IMPLIED OR STATUTORY.

Dated this 26th day of January, 1996.



Address

### ASHLAND EXPLORATION, INC.

By: Alard Q /heep Authorized Representative

#### EXHIBIT A

#### TERMS AND CONDITIONS

# NATURE OF COMPANY'S BUSINESS

1. The Company is the owner of natural gas in Eastern Kentucky which has been dedicated to interstate sales under Order of the Federal Power Commission. The gas is gathered and transported by Barnes Transportation Company, a gas transmission company. The Company supplies natural gas to Kentucky residents pursuant to Section 278:485 of Kentucky Revised Statutes. It is also required by contract to sell gas to Columbia Gas Transmission Corporation, which gas is gathered and transported through the same pipelines of the Barnes Transportation Company.

from which gas is provided to Customer. The Company has the right to plug and abandon any of its gas wells. In such event, the Company will have no gas to furnish to customers connected to a line leading from such abandoned wells and the Company shall not be liable to the Customer for discontinuance of service resulting from such action. Furthermore, Columbia Gas

Transmission Corporation has the right during the five summer months, beginning with the month of June, to curtail its taking of gas from the wells of the Company to an amount equal to one-third of the amount taken from such wells during the preceding winter months, and has the further right to require the CompanY's wells to be shut in for portions of five summer months so as to bring about the curtailment of summer deliveries by the CompanY to Columbia Gas Transmission Corporation as provided in the contract between said two companies. Service by the Company to the Customer will be subject to the limitations arising from the contract between the Company and Columbia Gas Transmission Corporation and the Company shall not be liable to the Customer for discontinuance of service resulting from conditions hereinbefore stated.

### ESTABLISHING DOMESTIC SERVICE

2. The connection for domestic service along the Barnes Transportation Company pipeline system has previously been made pursuant to a contract between the Customer and Ashland Oil, Inc. (the Company's predecessor in furnishing natural gas to residents in Kentucky). The meter and service tap, including saddle and first service shut-off valve, are the property of the Company.

The meter shall be maintained by the Company. All other equipment and material

required for service pursuant to this contract, including the stops, drip and regulators, shall be furnished, installed and maintained by Customer at his expense and shall remain Customer's property.

3. The Customer has the duty of regulating the flow and pressure on his own service line and house lines by the necessary labor, care and supervision of the same so that he may safely conduct gas over his premises at a pressure not exceeding eight (8) ounces per square inch at the meter. The Company shall repair all leaks which occur between the point of connection and meter, when such leaks are discovered by or reported to it: provided, however, that the Customer shall pay the Company for any repair or replacement parts incidental to such repairs. The Customer assumes all risk from the outlet side of the meter caused by defects in his service lines, connections and appliances and from all causes incidental to the use of gas. The Customer shall not change the regulator settings, nor change in any way the installation made by the Company.

4. The Customer shall at his own expense, furnish and lay service pipes, fittings, valves, automatic gas regulators, and appliances between the meter and the point of consumption of the gas. The Customer shall maintain all of the same in good condition and repair, and remove the same when necessary, furnishing such materials, labor and supervision as may be necessary to conduct and burn the gas with safety, and shall be liable for any failure to do so. If leaks or other hazardous conditions are detected in the service line, the Company shall discontinue service until such leaks or other hazardous conditions are repaired by the Customer.

5. The character and arrangements of the pipes and appliance~ through which the gas is transported from the point of connection to the point of consumption shall be subject to the inspection and approval of the authorized agents of the Company as not wasteful of gas, and shall be of sufficient size so as to permit any regulator or meter to function at proper pressures, and shall meet the requirements of 807 KAR 50:045, Sections 1-6, and such other specifications usually required for companies furnishing gas for domestic consumption in Eastern Kentucky. The

Company shall be under no obligation or duty at any time to inspect any of said connections, service pipes, appliances, equipment, or regulators or be responsible in any manner for the selection, use and maintenance of same, and shall have no duty or obligation with respect to their care, maintenance or supervision. However, the Company shall furnish the Customer with a construction drawing showing installation and material meeting the Company's specifications as approved for service installation by the Kentucky Public Service Commission or other

successor governmental authority or other governmental authority.

6. The Company shall have the right, if it so elects, to require a cash deposit or other guaranty from the Customer to secure payment of bills.

#### GAS MEASUREMENT

7. The measurement of gas by meter shall be conclusive upon the Customer and the Company, except when such meter ceases to register, proves to be defective, or is found by test not to be accurate within the limitations specified in the Rules of the Kentucky Public Service Commission or a successor governmental authority. In such cases, the consumption for the period in question shall be estimated, taking into consideration the consumption during a comparable period. In the event of the Customer's dissatisfaction with the accuracy of the meter, the Company will, upon written application, have the same removed, sealed and tested, and a certificate of the test given the Customer. If the meter so tested shall be found to be accurate within the limits specified in the Rules of the Kentucky Public Service Commission, the Customer shall, upon presentation of a bill, pay the Company for such test according to the schedule of charges for testing meters formulated by the said Commission or a successor governmental authority. All meter service is based upon a meter pressure not exceeding eight (8) ounces per square inch. If the gas is supplied at a higher pressure the meter measurements shall be corrected according to Boyle's Law.

#### BILLS AND PAYMENT THEREOF

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8. The Customer agrees to pay the Company for all natural gas delivered hereunder as computed by meter at the point of connection. The Company will render invoices to the Customer at regular monthly or bi-monthly intervals for the natural gas delivered. Should the Customer fail to pay for gas delivered within thirty (30) days after the date of the invoice, or otherwise default and fail or refuse to comply with any of the terms of this contract, the Company shall have the right to apply the above-mentioned deposit, if any, to the amount due and discontinue service upon forty-eight (48) hours written notice without liability for any injury or damage to persons or property resulting therefrom. This contract shall thereupon terminate and be of no further force or effect, unless and until the Customer shall, within thirty (30) days thereafter, pay any amount still due for gas delivered together with any other charges then due and owing to the Company under this contract, re-establish the deposit, pay to the Company a turn-on charge of twenty-five dollars (\$25), and otherwise conform to the terms of this contract.

#### ACCESS TO PREMISES

9. The Company shall have the right to enter upon the premises of the Customer to read, repair, change or remove the meter, inspect regulators, or conduct inspections pursuant to Paragraph 5 hereof, and shall also have the right to reclaim any of the property of the Company which may be on the premises.

#### TAMPERING

10. Where the service facilities or other equipment have been tampered with, resulting in improper measurement of the service supplied, the Customer shall be required to pay for such gas service as the Company may estimate from available

information to have been used but not registered by the Company's meter, and in addition thereto shall be required to bear all costs incurred by the Company for investigations and inspections and for such protective equipment as, in the judgment of the Company, may be necessary.

#### LIABILITY FOR DAMAGE

11. The Company shall not be responsible for maintaining any fixed or specified gas pressure, nor shall it be liable for damages caused by its failure to deliver gas arising from any cause whatever or for any damage to property or injury or death to persons arising or accruing in any manner whatsoever from the use of ~as. Neither shall the Company be liable for any accident or accidental injuries or damages which may result from any defect or failure of any automatic gas regulator or for any leakage or other defect or failure of an~T service line installed or constructed by Customer.

12. The company shall be and is hereby released by Customer from any and all claims for damage direct or indirect, present or prospective, accrued or which may hereafter accrue, resulting from the failure of gas or insufficient supply thereof, or from the construction, operation and maintenance of its pipelines, plants, facilities, or other operations. The Customer agrees to indemnify and save the Company free and harmless from any and all loss, damage, claims, or demands of any kind or character, including but not limited to, loss or damage to property, real or personal, or injuries to, or death of, any person, predicated upon or in any way connected with, related to, or resulting from or arising out of, any service of gas or other obligations imposed by this contract, regardless of whether such liability shall arise from negligence of the Company in whole or in part.

13. The Customer shall use all due care to prevent waste of gas and the responsibility of detection of defects or leaks between the point of connection and the point of consumption of gas is upon the Customer. In case of failure or deficiency of gas, irregular supply, leakage, excessive pressure, and other developments incident to handling gas under pressure; the Customer agrees to give immediate notice thereof to the Company, and his failure to do so, should loss follow, shall be conclusive evidence of negligence on the part of the Customer. The right of access to Customer's property, provided hereinabove, shall not relieve Customer of the foregoing obligation.

#### SHUT OFF PROVISIONS

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14. The authorized agents of the Company shall at all times have access to the premises of the Customer with the right to shut off the gas and remove its property from the premises upon reasonable notice for any of the following reasons; for repair~ or because of leakage; for non-payment of any bills due under the existing or a predecessor contract; for failure to make a cash deposit, if such be required; for any violation of the contract or of Sections 1-6 of 807 KAR 50.045, being the Rules and

Regulations of the Kentucky Public Service Commission; for fraudulent representation in relation to Customer's consumption of ga~; moving of Customer from the premises; for fraudulent tampering with the meter, regulators or connections; for shortage of gas or reasons of safety; for larceny of gas; for any action by the Customer to secure through his meter gas for purposes other than those requested or contracted for, or for any other party without the written consent of the Company; or for false representation with respect to the ownership of property to which service is furnished or upon which lines are located.

# DISCONTINUANCE OF SERVICE

15. The Company shall not be liable to the Customer for discontinuance of service resulting from the plugging and abandonment or change in the use of any of its wells. It is understood and agreed that the Barnes Transportation Company line from which the Company supplies gas is not permanent and that service to the customer by Company may cease, either temporarily or permanently, if Barnes Transportation Company line. Upon the abandonment or removal of the last of the Barnes Transportation Company lines from the lands of the Customer or from lands within one-half air mile of the Customer, unless otherwise previously terminated, this contract and all rights thereunder shall thereupon terminate and service to the Customer be discontinued. Either party hereto may cancel this contract on

fifteen (15) days' written notice without prejudice to the right of the Company to continue to supply gas to other customers; and the Company shall not be liable for any deficiency in the supply caused by the use of pumping stations, breakage of lines, or other causes, or for any claim for damage on account of any matters set forth in this paragraph.

### GENERAL PROVISIONS

16. No agent or employee of this Company has authority to make any promise, agreement, or representation inconsistent with this contract; and no such promise, agreement, or representation shall bind the Company, unless in writing and signed by an executive officer thereof.

17, In the event any provision of this contract is inconsistent with a provision of 807 KAR 50:045, Sections 1-6, the provision of the regulation shall prevail.

18. This contract is entered into between the Company and the Customer in order that service can be provided to those residents eligible to receive natural gas pursuant to KRS 278.485. Only those parties already receiving service under KRS 278.485 shall be entitled to receive service under this contract.

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