

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
CASE NO.: 2015-00269

THOMAS RICHARD THACKER and
SHANNON CHAPMAN THACKER,

COMPLAINANT,

v.

EQT GATHERING ("EQT"),
Diaz

DEFENDANT.

ANSWER OF EQT GATHERING, LLC

Comes now the Defendant, EQT Gathering, LLC, ("EQT")(identified in the Complaint as "EQT Midstream"), by and through counsel, pursuant to 807 K.A.R. 5:001 § 20(6), and for its answer to the Complaint filed by the Complainants, Thomas Richard Thacker and Shannon Chapman Thacker (the "Thackers"), and served on EQT by official Order on August 18, 2015, states as follows:

FACTUAL BACKGROUND

1. On January 26, 1996, Ashland Exploration, Inc., entered into a contract with the Thackers for the supply of natural gas. See Contract, attached as **Exhibit A**. EQT is the successor-in-interest to this Contract.

2. Pursuant to the Contract, either party had the right to cancel the Contract on fifteen (15) days written notice. More specifically, the Contract provides in Section 15 of **Exhibit A** that:

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 in its discretion discontinues transportation of gas through that line.

3. The Contract further provides in Section 1 of **Exhibit A** that:

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.

4. In 2015, EQT made a business decision to discontinue the line serving the Thacker residence and abandon the connected wells. The decision not only impacted the Thackers, but others in the service area. See Map, attached as **Exhibit B**.

RESPONSES TO ALLEGATIONS OF COMPLAINT

5. EQT admits that it served notice of its intent to abandon the pipeline and discontinue service as of August 1, 2015 to the Thackers in a letter dated June 4, 2015. See Notice, attached as **Exhibit C**.

6. To the best of EQT's knowledge, the Thackers were provided with contact groups and given the names of other utility providers in the area, including Chesapeake.

7. EQT admits that it does not wish to grant further extensions to the Thackers.

8. EQT lacks sufficient knowledge or information to admit or deny whether the Thackers contacted other suppliers of gas, what appliances they have in their home, the costs of equipping their home with alternate appliances, and the remainder of the allegations in the Thackers' Complaint, which are not specifically otherwise admitted herein.

DEFENSES FOR DISCONTINUANCE OF LINE AND SERVICE BY EQT

9. KRS 278.485 (6) grants any gas pipeline company the right “to abandon any gas well or any gathering pipeline, or any part thereof, and to remove any such abandoned pipeline or lines.” Therefore, EQT had the statutory right to abandon the pipeline and well providing utility services to the Thackers’ property.

10. EQT no longer has a producing well or gas gathering pipeline within one-half (1/2) mile of the Thackers’ residence and for this reason, the notice attached hereto as **Exhibit C** was properly provided to the Thackers.

11. EQT had and has the legal authority and contractual authority to abandon the pipeline pursuant to the Contract signed by the Thackers. See Contract, attached as **Exhibit A**.

12. Since entering into the Contract, the Thackers have been on notice that the supply of gas was temporary and not permanent. Specifically, they were aware or should have been aware that the gas pipeline could be abandoned.

13. The Contract provided for fifteen (15) days written notice to terminate the gas supply, but EQT provided nearly two months advance written notice of its intent to terminate. See Notice, attached as **Exhibit C**.

14. EQT provided the Thackers with information to locate another utility services provider.

15. The Thackers have now been provided an additional thirty (30) days by the Public Service Commission to secure alternate utility services for their residence.

16. EQT has no statutory or contractual obligation to indefinitely provide gas service to the Thackers.

17. EQT has no statutory or contractual obligation to locate another gas supplier for the Thackers.

18. EQT has no statutory or contractual obligation to provide the Thackers with appliances.

WHEREFORE, having answered the Complaint against it, EQT requests a formal hearing; that the Thackers' Complaint be dismissed; and that the Public Service Commission issue an order granting EQT immediate permission to abandon the pipeline and discontinue service to the Thackers' residence.

Respectfully Submitted,



Kimberly S. McCann
Ashley L. Adkins
VANANTWERP ATTORNEYS, LLP
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aadkins@vanattys.com
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 27th day of August, 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

Thomas R. & Kimberly Thacker - Account # [REDACTED]

P. O. Box 1523

Prestonsburg, KY 41653

Meter # 53760

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

EXHIBIT

A

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.

Kimberly Thacker
Thomas R. & Kimberly Thacker Customer
P. O. Box 1523

Prestonsburg, KY 41653

Address

ASHLAND EXPLORATION, INC.

By: *Lloyd A. Huel*
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

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 gas. 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 any 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

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 gas; 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 in its discretion discontinues transportation of gas through that 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.

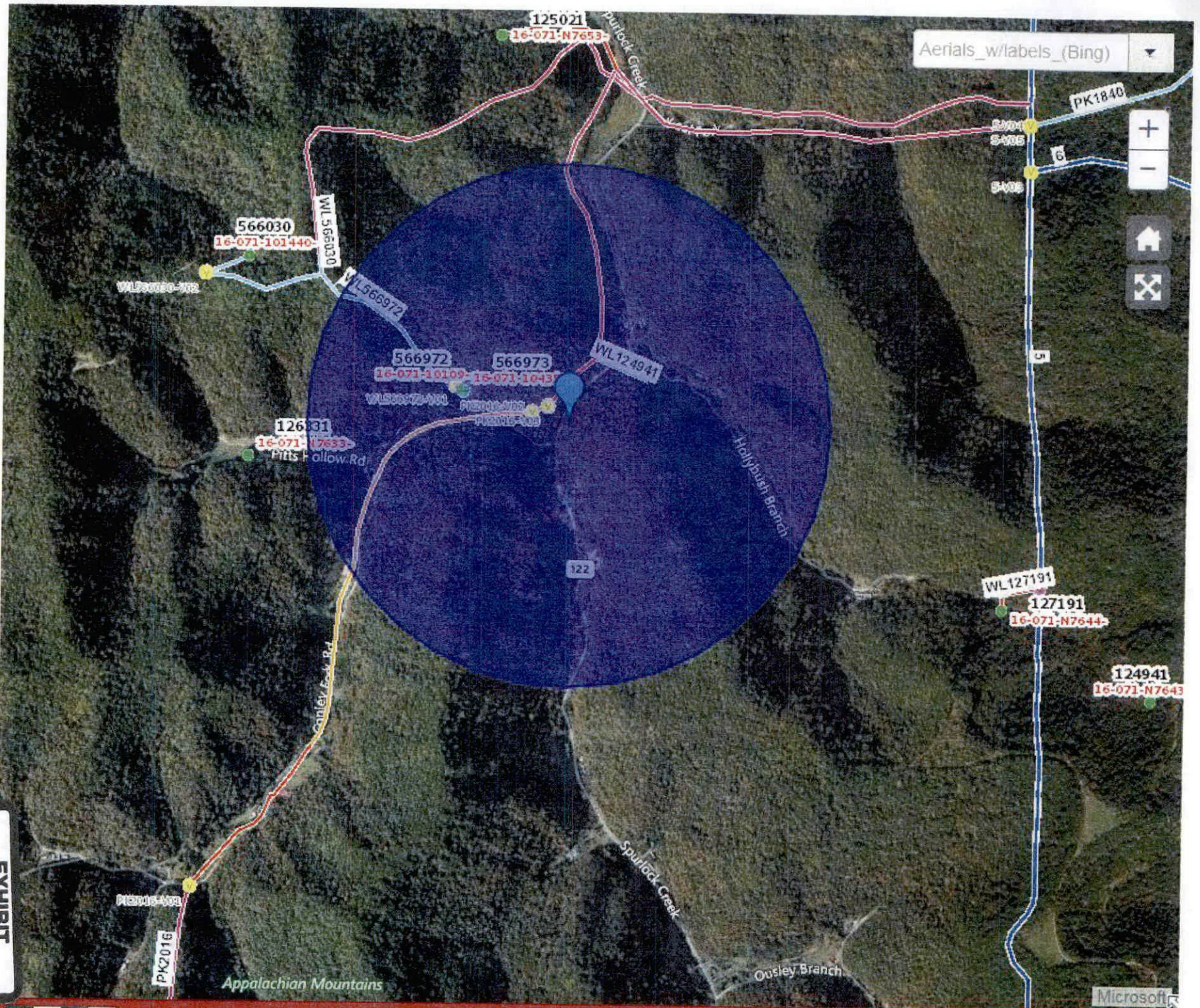
GENERAL PROVISIONS

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.

2/3-19/SAT



Decimal Degrees Lon (X): -82.82506 Lat (Y): 37.62197



June 4, 2015

Thomas R. and Kimberly Thacker
4722 Spurlock CK
Prestonsburg, KY 41653-8778

Re: Account No.: [REDACTED]

Dear Thomas R. and Kimherly Thacker:

EQT Gathering ("EQT") will soon be abandoning the pipeline it has in the area in which you are currently tapped as a farm tap consumer. As a result, it is necessary that we terminate gas service to you, which termination shall occur on August 1, 2015. Therefore, EQT suggests you make immediate arrangements to secure an alternative fuel source.

If you have any questions, please do not hesitate to contact us at 844-378-5263.

Sincerely,

Paul G. Walker, Jr.
Supervisor – Free Gas & Analytical Support
Land Administration – Contracts
EQT Production Company

Certified #: 7014 0150 0000 0208 8118

cc: Leslie Miller-Stover, Esquire

EQT Gathering | 1710 Pennsylvania Avenue | Charleston, WV 25302

