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April 16, 2010

VIA HAND DELIVERY

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
Harrisburg, PA 17120

**Re: Marcellus Shale En Banc Hearing on PUC Jurisdictional Issues,
Docket No. I-2010-2163461**

Dear Secretary McNulty:

I have enclosed for filing on behalf of EQT Midstream, a business unit of EQT Corporation, an original and (9) nine copies of a the *Comments of EQT Midstream* in response to the March 25, 2010 Secretarial Letter issued in the above-captioned docket.

Thank you for your attention to this matter.

Very truly yours,



Michael T. Killion

MTK/jlf

cc: Jennifer Kocher, Office of Communications
Rikardo Hull, Esquire

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I. INTRODUCTION

EQT Midstream is a business unit of EQT Corporation, one of the largest exploration and production company in the Appalachian Basin. EQT Midstream operates over 11,000 miles of gathering lines in Pennsylvania, West Virginia, Virginia and Kentucky (with over 2,000 miles of gathering line constructed within the past two years). This system includes 63 BcF of natural gas storage and over 10,000 wellhead interconnects. Over decades of operation in Pennsylvania, EQT Midstream has safely operated without any safety incidents. EQT Midstream submits that additional regulatory oversight by the Pennsylvania Public Utility Commission ("Commission") is not authorized under existing statutes, nor is it required.

The Marcellus Shale promises to have an enormous economic impact on the Commonwealth. As noted in the March 11, 2010 Joint Motion of Vice Chairman Tyrone J. Christy and Commissioner Robert F. Powelson ("Joint Motion"), which announced the convening of this *en banc* hearing on jurisdictional issues related to Marcellus Shale development, a recent Penn State study estimated that Marcellus will generate \$13.5 billion per year in economic value and create 175,000 jobs by 2020 just to Pennsylvania. This is a tremendous economic opportunity for the Commonwealth and it is critical that unnecessary state regulatory oversight not impede this development.

Congress has granted the U.S. Department of Transportation regulatory oversight over natural gas gathering lines. There have been no major safety incidents that would require increased regulatory oversight, safety or otherwise, at the state level. Given the critical stage of Marcellus Shale development in the Commonwealth, there is simply no need for increased regulatory oversight of gathering lines.

II. DISCUSSION

The safety of gathering lines is currently regulated by the United States Department of Transportation's Pipeline and Hazardous Materials Safety Administration ("PHMSA"). Specific federal regulations related to such oversight are provided under 49 CFR Part 192, entitled "Transportation of Natural and Other Gas by Pipeline: Minimum Federal Safety Standards." The federal regulations have been more than adequate to ensure that gas gathering lines are operated safely.

EQT Midstream maintains that existing law does not provide for Commission regulation of natural gas gathering lines. The Pennsylvania General Assembly empowered the Commission to direct and enforce safety standards for pipeline facilities and to regulate safety practices of certificated utilities engaged in the transportation of natural gas and other gas by pipeline. 66 Pa. P.S. § 501 *et seq.* For natural gas service, 52 Pa. Code § 59.1 defines public utility as "[p]ersons or corporations owning or operating in this Commonwealth equipment or facilities for producing, generating, transmitting, distributing, or furnishing gas for the production of light, heat, or power *to or for the public for compensation.*" *Id.* (emphasis added). *See also* 66 Pa.C.S. § 102 and 66 Pa.C.S. § 2202. This section specifically provides that "the term does not include a producer or manufacturer of natural gas not engaged in distributing the gas directly to the public for compensation." *Id.* EQT Midstream is not engaged in distributing natural gas directly to the public for compensation and therefore should remain non-jurisdictional to the Commission.

EQT Midstream voluntarily participates in the PA One Call program. EQT Midstream will continue to promote this important program and maintain its focus on

safety initiatives. EQT Midstream submits that additional regulatory burdens at the Commission will not increase safety, but will rather burden the development of Marcellus Shale production.

III. CONCLUSION

EQT Midstream commends this Commission for exploring its authority with the goal of promoting natural gas development in the Commonwealth. With increased natural gas production, maintaining the industry's safety record is essential. However, as reflected by EQT Midstream's exemplary safety record, the existing regulatory framework for safety oversight for natural gas gathering lines is sufficient.