

January 11, 2018

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: Adelphia Gateway, LLC
Docket No. CP18-___-000

Abbreviated Application of Adelphia Gateway, LLC for Certificates of Public Convenience and Necessity Authorizing Acquisition, Construction, and Operation of Certain Pipeline Facilities and for Related Authorizations

Dear Ms. Bose:

Pursuant to Section 7(c) of the Natural Gas Act, as amended (“NGA”), 15 U.S.C. § 717f(c), and Parts 157 and 284 of the Federal Energy Regulatory Commission’s (“Commission” or “FERC”) regulations, 18 C.F.R. Parts 157 and 284, Adelphia Gateway, LLC (“Adelphia”) hereby files this application for the following certificates and related authorizations and waivers (“Application”):

- 1) a certificate of public convenience and necessity pursuant to Part 157, Subpart A of the Commission’s regulations, authorizing Adelphia (i) to acquire, own, and operate an existing pipeline system and related facilities in Pennsylvania that are currently owned and operated in non-FERC-jurisdictional service by Interstate Energy Company LLC (“IEC”), with a portion of the pipeline system previously used solely for oil transportation and the remaining portion of the system used for oil transportation service or natural gas transportation service; (ii) to operate such acquired pipeline facilities in interstate service as a natural gas company as defined in Section 717a of the NGA; (iii) to construct, own, and operate certain proposed compression facilities and pipeline facilities in Pennsylvania and Delaware; and (iv) to construct, install, own, and operate certain other appurtenant facilities;
- 2) a blanket certificate pursuant to Part 157, Subpart F of the Commission’s regulations, authorizing Adelphia to construct, operate, acquire and abandon certain facilities as described in Part 157, Subpart F;
- 3) a blanket certificate pursuant to Part 284, Subpart G of the Commission’s regulations authorizing Adelphia to provide open-access firm and interruptible interstate natural

- gas transportation services on a self-implementing basis with pre-granted abandonment for such services;
- 4) approval of Adelpia's *pro forma* FERC Gas Tariff;
 - 5) approval of non-conforming provisions in firm transportation service agreements with Lower Mount Bethel Energy, LLC and Martins Creek, LLC, as existing firm shippers with long-term legacy capacity commitments on IEC's existing facilities; and
 - 6) such other authorizations and waivers as may be necessary from the Commission to allow Adelpia to undertake the activities described in this Application.

Adelpia requests that the Commission issue an order granting the authorizations and waivers requested herein by August 1, 2018.

Included herewith are four volumes. Volume I contains public information and is comprised of the Application and its public exhibits, except the public version of Exhibit F-I (Environmental Report). Volume II-A contains the public version of Exhibit F-I. Volume II-B contains the public maps and drawings of Exhibit F-I. Volume III contains privileged and confidential information and is comprised of Exhibit F-I, Appendix 1E (Project Landowner List), and Appendix 1D-2 (certain portions of Agency Correspondence), Appendix 04A (Cultural Resource Survey Report), and Appendix 1A (only Existing System alignment sheets); Exhibit I (confidential market information); and Exhibit R (Acquisition Contract). Volume IV contains Critical Energy Infrastructure Information ("CEII") and is comprised of Exhibits G through G-II (Flow Diagrams and Flow Diagram Data).

The privileged information included in Volume III is marked "**CONTAINS PRIVILEGED INFORMATION—DO NOT RELEASE**" and "**CUI//PRIV.**"¹ Privileged information should be treated as confidential and is for use by Commission Staff only and not to be released to the public. The CEII information is included in Volume IV and marked "**CONTAINS CRITICAL ENERGY INFRASTRUCTURE INFORMATION—DO NOT RELEASE**" and "**CUI//CEII.**"² Adelpia requests the CEII information filed herewith be designated as CEII for five (5) years, subject to further re-designation by the CEII Coordinator. Information that is CEII should be treated as confidential pursuant to Order No. 630, *et seq.* and is for use by the Commission Staff only and not to be released to the public.³ Questions pertaining to confidential information may be submitted to:

¹ 18 C.F.R. §§ 380.12, 388.112 (2017); *Filing of Privileged Materials and Answers to Motions*, 141 FERC ¶ 61,049 (Oct. 18, 2012).

² 18 C.F.R. § 388.113 (2017); Federal Energy Regulatory Commission Guidelines for Filing Critical Energy/Electric Infrastructure Information (CEII) (Feb. 21, 2017).

³ *Critical Energy Infrastructure Information*, Order No. 630, FERC Stats. & Regs. Regulations Preambles ¶ 31,140 (2003), 68 Fed. Reg. 9857 (Mar. 3, 2003), *order on reh'g*, Order No. 630-A, 104 FERC ¶ 61,106 (2003), 68 Fed. Reg. 46456 (Aug. 6, 2003).

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Pursuant to the Commission's guidelines for eFiling,⁴ Adelphia is hereby eFiling the Application and will provide two complete copies of the Application to OEP Room 62-46 and one complete copy to OGC-EP Room 101-66.

In accordance with Rule 2011(c)(5) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2011(c)(5), I hereby state that I have read the paper copy version of the filing and am familiar with the contents thereof; that the paper copies contain the same information as the electronic documents; and that all of the statements contained therein are true and correct, to the best of my knowledge, information and belief.

Should you have any questions concerning this request, please contact me at (732) 938-1169.

Sincerely,

/s/ Mark F. Valori
Mark F. Valori
Vice President
Adelphia Gateway, LLC

Attachments

cc: Terry Turpin (FERC) (Application Text only)
John Wood (FERC) (Application Text only)
Rich McGuire (FERC) (Application Text only)
Pamela Boudreau (FERC) (Application Text only)
Shannon Jones (FERC) (Application Text only)
Rich Foley (FERC) (Application Text only)
Jim Martin (FERC) (Application Text only)

⁴ Federal Energy Regulatory Commission Filing Guide/Qualified Documents List (Feb. 14, 2017).

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Adelphia Gateway, LLC

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Docket No. CP18-____-000

**ABBREVIATED APPLICATION OF ADELPHIA GATEWAY, LLC
FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY
AUTHORIZING ACQUISITION, CONSTRUCTION, AND OPERATION OF CERTAIN
PIPELINE FACILITIES AND FOR RELATED AUTHORIZATIONS**

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Adelphia Gateway, LLC)
) Docket No. CP18-____-000
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**ABBREVIATED APPLICATION OF ADELPHIA GATEWAY, LLC
FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY
AUTHORIZING ACQUISITION, CONSTRUCTION, AND OPERATION OF
CERTAIN PIPELINE FACILITIES AND FOR RELATED AUTHORIZATIONS**

Pursuant to Section 7(c) of the Natural Gas Act, as amended (“NGA”), 15 U.S.C. § 717f(c), and Parts 157 and 284 of the Federal Energy Regulatory Commission’s (“Commission” or “FERC”) regulations,¹ Adelphia Gateway, LLC (“Adelphia”) hereby files this application for the following certificates and related authorizations and waivers (“Application”):

- 1) a certificate of public convenience and necessity pursuant to Part 157, Subpart A of the Commission’s regulations, authorizing Adelphia (i) to acquire, own, and operate an existing pipeline system and related facilities in Pennsylvania that are currently owned and operated in non-NGA-jurisdictional service by Interstate Energy Company LLC (“IEC”), with a portion of the pipeline system previously used solely for oil transportation and the remaining portion of the system used for oil transportation service or natural gas transportation service; (ii) to operate such acquired pipeline facilities in interstate service as a natural gas company as defined in Section

¹ 18 C.F.R. Parts 157 and 284 (2017).

- 717a of the NGA; (iii) to construct, own, and operate certain proposed compression facilities and additional pipeline facilities in Pennsylvania and Delaware; and (iv) to construct, install, own, and operate certain other appurtenant facilities (“Adelphia Gateway Pipeline” or “Project”);
- 2) a blanket certificate pursuant to Part 157, Subpart F of the Commission’s regulations, authorizing Adelphia to construct, operate, acquire and abandon certain facilities as described in Part 157, Subpart F;
 - 3) a blanket certificate pursuant to Part 284, Subpart G of the Commission’s regulations authorizing Adelphia to provide open-access firm and interruptible interstate natural gas transportation services on a self-implementing basis with pre-granted abandonment authority for such services;
 - 4) approval of the *pro forma* FERC Gas Tariff (“Tariff”) attached to this Application as part of Exhibit P;
 - 5) approval of non-conforming provisions in firm service agreements with existing shippers on the IEC system in light of their long-term legacy capacity commitments on IEC’s existing facilities; and
 - 6) such other authorizations and waivers as may be necessary from the Commission to allow Adelphia to undertake the activities described in this Application.

Adelphia respectfully requests that the Commission issue these authorizations and waivers by August 1, 2018, so that Adelphia will be able to close the acquisition of IEC’s facilities at that time and immediately thereafter commence operating the Zone North

capacity in FERC jurisdictional interstate commerce and to commence construction of the compression facilities and pipeline facilities proposed herein to enable service to commence on the Zone South capacity as further described herein by April 1, 2019.

In support hereof, and pursuant to the Commission's regulations, Adelpia respectfully submits the following:

I. EXECUTIVE SUMMARY

Adelpia is a new company created for the purpose of providing open-access interstate natural gas transportation services. Adelpia proposes to acquire, construct, own, and operate certain facilities, some of which are currently owned and operated in either oil-only service or in dual-phase oil or natural gas service, and in all cases, non-FERC jurisdictional service by IEC. These facilities include (i) an approximately 84-mile, 18-inch-diameter mainline (the "18-inch Mainline," as described in Section IV, below), (ii) an approximately 4.4-mile, 20-inch-diameter mainline (the "20-inch Mainline," as described in Section IV, below), and (iii) various appurtenant and auxiliary facilities (collectively, the "Existing System"). The remainder of the facilities proposed for interstate service include two new compressor stations, lateral pipeline facilities, and meter and regulator ("M&R") facilities, and various appurtenant facilities along the Existing System (collectively, the "New Facilities"). Together, the Existing System and New Facilities will comprise the Adelpia Gateway Pipeline.

The Pennsylvania Public Utility Commission ("PUC") previously granted to IEC a certificate of public convenience and necessity pursuant to state law for use of the Existing System in oil and gas transportation service within the Commonwealth of Pennsylvania. For the transportation of gas, these facilities are currently operating as a Hinshaw pipeline,

exempt from the Commission’s jurisdiction pursuant to Section 1(c) of the NGA. Adelphia proposes herein to acquire the Existing System, to terminate the current PUC-jurisdictional oil transportation service provided on the 18-inch Mainline and gas transportation service provided on the 18-inch Mainline and 20-inch Mainline, to construct the New Facilities, and to solely provide open-access interstate natural gas transportation service on the Adelphia Gateway Pipeline. Adelphia will operate the Adelphia Gateway Pipeline as an interstate natural gas pipeline subject to the NGA jurisdiction of the FERC. Certain auxiliary facilities that are currently used to allow for oil transportation service will no longer be needed when the facilities solely provide interstate natural gas transportation service and have been disconnected by IEC, including removal of equipment for oil heating, check valves, and pump stations.

The Adelphia Gateway Pipeline is proposed to consist of three zones: (1) “Zone North A” consisting of approximately 34.5 miles of the 18-inch Mainline, extending north from an existing interconnection with Texas Eastern Transmission, LP (“Texas Eastern”) in Bucks County, Pennsylvania, to the Martins Creek Terminal in Lower Mount Bethel Township, Northampton County, Pennsylvania;² (2) “Zone North B” consisting of the 20-inch Mainline and extending north from the interconnection with Transcontinental Gas Pipe Line Company, LLC (“Transco”) in Northampton County, Pennsylvania, to the Martins Creek Terminal (the Zone North A facilities and the Zone North B facilities are

² IEC has operated the Zone North A facilities to transport either oil or natural gas to the Martins Creek Terminal. Note also that the gas facilities located at Martins Creek Terminal that Adelphia is acquiring as part of the Existing Facilities are sometimes referred to in this Application and in the Resource Reports as the “Martins Creek Station” when necessary to distinguish the gas facilities from the remaining oil and other facilities located at Martins Creek Terminal that Adelphia is not acquiring.

collectively referred to herein as “Zone North”);³ and (3) “Zone South” consisting of approximately 50 miles of the 18-inch Mainline extending south from a new interconnection (adjacent to the existing interconnection) with Texas Eastern in Bucks County, Pennsylvania, to Marcus Hook, Pennsylvania,⁴ and two new 16-inch-diameter laterals approximately 4.4 miles and 0.25 mile in length, respectively, extending from the planned Marcus Hook Compressor Station to interconnections in Chester, Delaware County, Pennsylvania and Claymont, New Castle County, Delaware.

The Adelpia Gateway Pipeline is designed to provide approximately 175,000 dekatherms of natural gas per day (“Dth/d”) of capacity on Zone North A, 350,000 Dth/d of capacity on Zone North B, and 250,000 Dth/d on Zone South, giving shippers access to diverse and abundant natural gas supplies through existing interconnects with three interstate pipelines and access to demand centers and end-users near the greater Philadelphia area and the Marcus Hook Industrial Complex.⁵ Pursuant to new firm service agreements for which Adelpia is seeking Commission approval herein as non-conforming agreements, the Adelpia Gateway Pipeline will continue to serve Lower Mount Bethel Energy, LLC and Martins Creek, LLC with firm transportation service (the “Existing Shippers”).⁶ Through these contracts with the Existing Shippers, the Adelpia Gateway Pipeline will continue to provide service to the two power plants that are currently served by the Existing System.

³ IEC has operated the Zone North B facilities to transport natural gas from the Transco interconnect to the Martins Creek Terminal.

⁴ IEC has operated the Zone South facilities to transport oil only.

⁵ The Marcus Hook Industrial Complex, located on the Delaware River, is a state-of-the-art terminalling and natural gas liquids storage facility.

⁶ Each of the Existing Shippers is an indirect, wholly owned subsidiary of Talen Energy Corporation (“Talen Energy”).

In addition to maintaining service to the Existing Shippers to provide supplies to the existing power plants, the Adelpia Gateway Pipeline is well-positioned to expand service to natural gas consumers in Pennsylvania and to consumers in the growing markets in the Northeast. As described below in Section III, Zone North A and Zone North B consist entirely of the Existing System and are fully subscribed by the Existing Shippers for service to the two existing power plants. Upon completing the facilities proposed for Zone South, the Zone South facilities will have capacity of approximately 250,000 Dth/d, with 100,000 Dth/d subscribed pursuant to a precedent agreement for long-term firm capacity on the Project. In addition, Adelpia held an open season between November 2, 2017, and December 8, 2017, as discussed below. The open season resulted in bids for more than twice the capacity of Zone South, and Adelpia is currently negotiating precedent agreements with bidders from the open season. If any unsubscribed capacity remains when the Zone South facilities are placed into service, the capacity will be available pursuant to the provisions of Adelpia's proposed FERC Gas Tariff.

Adelpia requests a certificate of public convenience and necessity pursuant to Section 7(c) of the NGA to acquire the Existing System and operate such facilities as an open-access transporter under the Commission's NGA jurisdiction and to construct, own, and operate the New Facilities, all as more fully described herein. Adelpia is a new company that has not previously provided service in interstate commerce. Therefore, in this proceeding, Adelpia also requests an open-access blanket certificate under Part 284, Subpart G of the Commission's regulations. In addition, Adelpia requests a blanket construction certificate under Part 157, Subpart F of the Commission's regulations. Pursuant to Sections 284.221(c) and 157.204(d)(2) of the Commission's regulations,

Adelphia will comply with the conditions of Part 284, Subpart A of the Commission's regulations and the terms, conditions and procedures specified in Part 157, Subpart F of the Commission's regulations.

Further, Adelphia is seeking approval of its *pro forma* Tariff included in Exhibit P hereto. Adelphia's Tariff proposes to use zone-gate rates for each of the three zones, Zone South, Zone North A and Zone North B, for its initial recourse rates for firm transportation. The rates and facilities are proposed to be placed into service in two phases. The first phase of rates and service will become effective immediately upon closing of the acquisition of the Existing System, which is expected to occur shortly after a Commission order in this proceeding. The rates that will become effective at that time are for Zone North A and Zone North B. The proposed initial reservation rates for Zone North A and Zone North B are \$0.1422 per Dth/d and \$0.0071 per Dth/d, respectively, with usage rates of \$0.0042 per Dth in each zone. The one-part usage rate for interruptible transportation service in these zones pursuant to Rate Schedule ITS will equal \$0.1464 per Dth for Zone North A and \$0.0113 for Zone North B (each the 100 percent load factor equivalent of the Rate Schedule FTS reservation and usage rates).

Following the conversion described herein on the Zone South facilities, Adelphia proposes to place those facilities into service with rates applicable to service in that zone only. Adelphia proposes that the effective date for the Zone South rates will be delayed until the Zone South facilities are converted and all new facilities in Zone South, including the compressor stations and pipeline facilities proposed herein, are placed into service.

Upon completion of these facilities, the Zone South facilities will be placed into service, with an initial reservation rate of \$0.5752 per Dth/d of Maximum Daily Quantity

("MDQ") and a Zone South usage rate of \$0.0042 per Dth delivered for Rate Schedule FTS with a one-part usage rate for interruptible transportation service pursuant to Rate Schedule ITS that is equal to \$0.5794, the 100 percent load factor equivalent of the Rate Schedule FTS reservation and usage rates. Adelphia has estimated its cost of service in accordance with recognized cost-of-service ratemaking principles calculated as shown in Schedule 1 attached hereto in Exhibit P. Consistent with Commission policy, Adelphia will also offer interruptible parking and lending service.

A detailed description of the New Facilities is included in Resource Report No. 1 to the Environmental Report, included herewith as Exhibit F-I. The Environmental Report demonstrates that the Project will result in minimal environmental impacts as the majority of the Project facilities are already existing and the New Facilities Adelphia proposes to construct are limited and have been designed to mitigate environmental impacts. The Environmental Report also demonstrates that the Project has been designed using all necessary equipment to satisfy applicable safety and security requirements.

In light of the limited construction necessary to complete the Project and the fact that the majority of the Project facilities are already existing, impacts to landowners and communities will be limited. In addition, the need to acquire new easements for the Project is limited. Adelphia intends to enter into voluntary easements with landowners and to use eminent domain only if necessary after significant efforts to reach agreement.

As demonstrated herein, the Adelphia Gateway Pipeline is required by the public convenience and necessity and satisfies the criteria set forth in the Commission's Certificate Policy Statement. Adelphia respectfully requests the authorizations proposed herein by August 1, 2018.

II.
IDENTITY OF APPLICANT AND COMMUNICATION

The exact legal name of Adelphia is Adelphia Gateway, LLC. Adelphia is a Delaware limited liability company with its primary place of business located at 1415 Wyckoff Road, Wall, New Jersey, 07719. Adelphia is wholly owned by NJR Pipeline Company, a subsidiary of New Jersey Resources Corporation. Adelphia is authorized to conduct business in Delaware and as a foreign limited liability company in the Commonwealth of Pennsylvania in order to own and operate natural gas transmission facilities and engage in open-access transportation services.⁷ Upon acceptance of the certificate of public convenience and necessity sought in this Application and the commencement of service authorized thereunder, Adelphia will be a natural gas company subject to the Commission's jurisdiction.

The persons to whom correspondence and communications concerning this Application should be directed and upon whom service is to be made are as follows:⁸

⁷ Adelphia's state authorizations for Delaware and Pennsylvania are included as Exhibit B.

⁸ Adelphia respectfully requests that the Commission waive Rule 203(b)(3), 18 C.F.R. § 385.203(b)(3), in order to allow each of the designated representatives to be included on the official service list.

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*Persons designated to receive service pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure.

III. PROJECT NEED

The Project is designed to meet the growing demand for natural gas by the electric generation, distribution and end-use markets in Pennsylvania and in the northeastern United States. For decades, the Existing System has been transporting oil and natural gas to an approximately 555 megawatt combined-cycle plant and an approximately 1,708 megawatt conventional steam boiler plant, both of which generate electricity for the region. The Project will continue to provide natural gas to these plants using the previously dual-phase (oil and natural gas) Zone North A facilities and the Zone North B facilities, while offering natural gas service using the previously oil-only Zone South facilities into markets near Philadelphia and surrounding areas that need additional natural gas for end-use consumption.

Through existing interconnects with three interstate pipelines, shippers will be able to transport diverse and abundant natural gas supplies to demand centers and end-users in

the greater Philadelphia area. The Project will thereby enable Adelpia to put underutilized intrastate oil pipeline facilities in Zone South to use by converting the facilities to first-time gas service and transforming all of the Existing System into interstate service capable of moving gas supply into markets with gas demand. At the same time, the Project will strengthen the reliability of the interconnecting pipelines and the region's natural gas infrastructure as a whole by providing additional interconnections.

In addition to these benefits, continuing to provide the Existing Shippers with firm transportation is critical to the ability of these power plants to reliably and efficiently supply energy, capacity, and ancillary services into the wholesale markets operated by PJM Interconnection, L.L.C. The Commission has consistently recognized the importance of fuel security to maintaining regional reliability and has taken steps to help ensure that natural gas-fired generators are able to procure the transportation necessary to support their participation in wholesale electric markets.⁹

Adelpia also conducted an open season between November 2, 2017, and December 8, 2017, for the new natural gas transmission capacity in Zone South. The open season materials, attached in Exhibit Z-3 hereto, stated that bidders will be deemed Foundation Shippers by submitting a conforming bid during the open season agreeing to a minimum initial MDQ of 100,000 Dth/d for a minimum initial term of fifteen (15) years for service in Zone South and will be deemed Anchor Shippers by submitting a conforming bid during the Open Season agreeing to a minimum initial MDQ of 75,000 Dth/d for a minimum initial term of ten (10) years for service in Zone South. Adelpia is currently

⁹ See, e.g., *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, Order No. 809, FERC Stats. & Regs. ¶ 31,368 (2015) (modifying FERC regulations to better coordinate the scheduling of wholesale natural gas and electricity markets to take into account the increasing role of natural gas-fired generation in preserving regional reliability).

negotiating precedent agreements with bidders from the open season. Adelphia received bids for more than twice the capacity of the Zone South facilities. Adelphia will offer any additional available capacity in a not unduly discriminatory manner until the Adelphia Gateway Pipeline is placed into FERC-jurisdictional service, at which point Adelphia will continue to offer any available capacity pursuant to the terms of its Tariff. Firm transportation will be offered under Rate Schedule FTS and interruptible services will be offered under Rate Schedule ITS and Rate Schedule PALS. In sum, the Project will serve both new and existing markets by moving clean-burning natural gas from diverse supply sources connected to the interconnecting interstate pipelines into markets with demand, while continuing to transport gas to two power plants currently served by the Existing System in Zone North.

IV. DESCRIPTION OF FACILITIES

The Adelphia Gateway Pipeline will include the following facilities:

- The existing approximately 84-mile, 18-inch Mainline extending from Marcus Hook to the Martins Creek Terminal in Lower Mount Bethel Township;
- The existing approximately 4.5-mile, 20-inch Mainline extending from Northampton County to the Martins Creek Terminal;
- Two new 5,625 horsepower (“hp”) compression facilities, the Marcus Hook Compressor Station and the Quakertown Compression Station;
- A new 16-inch-diameter lateral pipeline extending approximately 4.5 miles from the Marcus Hook Compressor Station and terminating at an interconnection with Texas Eastern and the Philadelphia Electric Company (“PECO”) in Chester, Delaware County, Pennsylvania (“Tilghman Lateral”); ;
- A new, 16-inch-diameter lateral pipeline extending approximately 0.25 mile from the Marcus Hook Compressor Station and terminating at the existing meter station owned by Delmarva Power & Light Company (“Delmarva”) in Claymont, New Castle County, Delaware (such station the “Delmarva Station” and the lateral pipeline the “Parkway Lateral”);

- A total of twelve M&R facilities, including four existing stations and eight new stations:
 - the existing Quakertown M&R Station connecting to Texas Eastern approximately at milepost (MP) 50 on the 18-inch Mainline;
 - the existing Columbia Gas Transmission, LLC (“TCO”) Meter Station approximately located at MP 66 on the 18-inch Mainline;
 - the existing Transco M&R station located in Easton Township, Northampton County, Pennsylvania on the 20-inch Mainline;
 - the existing Martins Creek Station, located at the terminus of both the 18-inch Mainline and the 20-inch Mainline and connected to two power generation stations served by the Project;
 - a new meter station, called the Skippack Meter Station in Skippack, Montgomery County, Pennsylvania, that would serve as a new delivery interconnect to an existing PECO pipeline;
 - a new M&R facility at the existing Quakertown M&R Station in Bucks County, Pennsylvania, that will interconnect the 18-inch Mainline with Texas Eastern;
 - M&R facilities for three new delivery interconnects to the Parkway Lateral, located on the property of the existing Delmarva Station, including interconnections with Texas Eastern (TETCO Meter Station), TCO (TCO Meter Station), and Delmarva (Delmarva Meter Station);
 - M&R facilities for three new delivery interconnects along the Tilghman Lateral, including an interconnection with Transco near MP 0.3 on the Tilghman Lateral (Transco Meter Station), an interconnection with the Monroe Refinery near MP 2.7 on the lateral (Monroe Meter Station), and an interconnection with PECO at the terminus of the lateral (PECO Meter Station); and
- one new mainline valve (“MLV”) located at one of two optional locations in Delaware County, Pennsylvania, as further set forth in Resource Report No. 1 in Exhibit F-I; eight new blowdown assemblies at existing MLV sites (one in Delaware County, two in Montgomery County, and five in Chester County, Pennsylvania); a wareyard to be located within an existing industrial facility in Lower Chichester Township, Delaware County, Pennsylvania; and other auxiliary facilities including pig launchers and cathodic protection, all as further described in Resource Report No. 1, Exhibit F-I.

The 18-inch Mainline and 20-inch Mainline and existing appurtenant and auxiliary facilities are currently owned and operated in non-FERC-jurisdictional service by IEC. The

18-inch Mainline consists of Zone North A, extending approximately 34 miles north from an existing interconnection with Texas Eastern in Bucks County, Pennsylvania, to the Martins Creek Terminal, and Zone South, extending approximately 50 miles south from a new second interconnection with Texas Eastern in Bucks County to Marcus Hook, Pennsylvania. Zone South also includes the Tilghman and Parkway Laterals. In addition, the approximately 4.4-mile 20-inch Mainline will comprise Zone North B extending north from the interconnection with Transco in Northampton County, Pennsylvania to the Martins Creek Terminal. Zone North A and Zone North B are designed to have a capacity of approximately 175,000 Dth/d and 350,000 Dth/d, respectively, while Zone South is designed to have a design capacity of 250,000 Dth/d.

The Zone South facilities have been inactive since 2014, but historically provided oil transportation service, including transportation for No. 2 fuel oil. The Zone North A facilities have been dual-use facilities, capable of transporting oil and natural gas but have been transporting natural gas exclusively since 2014. When transporting oil to the Martins Creek Terminal, the Zone North A facilities received oil from IEC's pumping station at Marcus Hook. In contrast, when transporting gas to the Martins Creek Terminal, the Zone North A facilities receive gas from its interconnect with Texas Eastern and an interconnect with TCO at approximately MP 67. The Zone North A facilities currently provide natural gas for use as fuel at the Lower Mount Bethel and Martins Creek power plants located in Northampton County, Pennsylvania.¹⁰ The 20-inch Mainline parallels the northernmost

¹⁰ The Lower Mount Bethel and Martins Creek power plants are owned by Lower Mount Bethel Energy, LLC and Martins Creek, LLC, respectively, each an indirect, wholly owned subsidiary of Talen Energy. For purposes of this Application, hereinafter the Lower Mount Bethel and Martins Creek power plants may be referred to as "Talen Energy's" or the "Talen Energy" power plants.

four miles of the Zone North A facilities and delivers natural gas from an interconnection with Transco to Talen Energy's two power plants.

In addition to the Existing System described above, the Project will also include construction of certain additional facilities. As further set forth above, Adelphia proposes to construct the two new pipeline laterals and eight new M&R stations listed herein. Adelphia also proposes to construct two 5,625 hp compressor stations: one at the existing Quakertown M&R Station and a second at the existing Marcus Hook Station. The New Facilities further include eight new blowdown assemblies located at existing mainline valves, one new mainline valve, and the use of an existing, previously disturbed site as a wareyard. As described further in Exhibit F-I, Environmental Report, Adelphia has worked to minimize the effect of construction of these additional facilities, including constructing such New Facilities within or adjacent to the existing footprint of the Existing System or co-located in pre-disturbed rights-of-way ("ROW") where feasible.

V. ACQUISITION OF FACILITIES

In support of this Application, Adelphia provides the following information required by Section 157.15 of the Commission's regulations.

A. Description of IEC

In accordance with Section 157.15(a) and 157.15(b) of the Commission's regulations,¹¹ the exact legal name of IEC is Interstate Energy Company LLC. IEC is a limited liability company organized under the laws of the State of Delaware with its principal place of business at 214 Shoemaker Road, Pottstown, Pennsylvania, 19464. IEC

¹¹ 18 C.F.R. §§ 157.15 (a), (b).

is a subsidiary of Talen Generation, LLC and an indirect, wholly owned subsidiary of Talen Energy Corporation.¹² IEC is focused on owning, operating, and maintaining pipelines in eastern Pennsylvania that transport fuel oil or natural gas to serve two facilities operated by affiliates of Talen Energy, the Lower Mount Bethel and Martins Creek power plants. IEC currently owns and operates the facilities that would be acquired by Adelpia for use as the Adelpia Gateway Pipeline. IEC does not own or operate any facilities certificated by the Commission and the Commission has declared that IEC is not subject to its jurisdiction under the Interstate Commerce Act.¹³

B. Proposed Acquisition

Pursuant to Section 157.15(c) of the Commission's regulations,¹⁴ on October 27, 2017, Adelpia entered into a purchase and sale agreement with Talen Generation, LLC to acquire the Existing System by means of a purchase of all of IEC's membership interest for \$189,000,000.¹⁵ The agreement to acquire these facilities was the result of an arms' length transaction following an extensive bid process involving several other parties interested in acquiring the facilities.

C. Description and Use of the Acquired Facilities

Pursuant to Section 157.15(d) of the Commission's regulations, Adelpia proposes to acquire the Existing System owned by IEC, as described herein and as shown on Exhibit

¹² IEC was previously indirectly owned by PPL Corporation. IEC became an indirect, wholly owned subsidiary of Talen Energy Corporation pursuant to a larger transaction involving the transfer and merger of public utility subsidiaries and assets by PPL Corporation to form a new company, Talen Energy Corporation, approved by the Commission on December 18, 2014. *PPL Corporation*, 149 FERC ¶ 61,260 (2014).

¹³ *Interstate Energy Co.*, 32 FERC ¶ 61,294 (1985).

¹⁴ 18 C.F.R. § 157.15(c).

¹⁵ Note that of the \$189,000,000 aggregate cash consideration for the sale, \$23,000,000 is contingent cash consideration based on certain specified conditions.

F attached hereto. Adelphia will acquire all of the membership interest in IEC and merge IEC up into Adelphia, such that the remaining company will be Adelphia Gateway, LLC. The Existing System to be acquired is owned by IEC, and is presently used for the transmission of natural gas, as described in this Application, to provide fuel for Talen Energy's two power plants.

After the proposed acquisition, Adelphia will convert such pipeline facilities to be used full-time as natural gas transmission facilities and will own and operate the facilities as a FERC-jurisdictional interstate natural gas transmission system. Specifically, Adelphia will place Zone North A and Zone North B into service promptly following acceptance of the certificate authorizations requested herein to continue service to the Talen Energy power plants without interruption. Adelphia proposes to place Zone South into service by April 1, 2019, after the construction of the New Facilities is complete. Adelphia will continue service to the Talen Energy power plants pursuant to contracts that are designed to replicate the existing service received from IEC and will transport natural gas to and from Texas Eastern, Transco, and TCO on behalf of Talen Energy and Adelphia's new shippers.

IEC's Existing System is currently operated as a common carrier pipeline pursuant to a Pennsylvania PUC certificate.¹⁶ The acquisition by Adelphia will result in the facilities being regulated by the Commission, superseding the current Pennsylvania PUC certificate authorization. The jurisdictional change from Pennsylvania PUC to FERC jurisdiction is

¹⁶ *Order Granting Certificate of Public Convenience to Interstate Energy Company*, PUC Docket No. 97032, 46 Pa. PUC 524 (Feb. 6, 1973), *as modified* 53 Pa. PUC 314 (June 7, 1979).

the only effect the acquisition will have on any franchise, license, or permit related to the Existing System.¹⁷

**VI.
CERTIFICATE POLICY STATEMENT AND
PUBLIC CONVENIENCE AND NECESSITY**

In determining whether a proposed pipeline is required by the public convenience and necessity, the Commission considers whether the proposal meets the criteria set forth in its Certificate Policy Statement addressing new facilities.¹⁸ The Certificate Policy Statement requires an applicant to demonstrate that a new project: (i) will not rely on subsidization from existing customers, (ii) has eliminated or minimized any adverse effects the project may have on existing customers, competing pipelines, and its captive customers, and (iii) has eliminated or minimized any adverse effects the project may have on the interests of landowners and surrounding communities.¹⁹ Under the standards established in the Certificate Policy Statement, the Commission must evaluate a proposed project by balancing the likely public benefit against the adverse impacts associated with the project.²⁰

As demonstrated in this Application and in the Resource Reports included herewith, the Adelphia Gateway Pipeline meets the criteria of the Certificate Policy Statement, and approval of the Project will serve the public interest and is required by the public convenience and necessity.

¹⁷ Adelphia has advised the Pennsylvania PUC of the proposed transaction and Adelphia's desire to operate the Existing System as a natural gas company subject to this Commission's NGA jurisdiction.

¹⁸ *Certification of New Interstate Natural Gas Pipeline Facilities*, 88 FERC ¶ 61,227 (1999) ("Certificate Policy Statement"), *clarified*, 90 FERC ¶ 61,128, *further clarified*, 92 FERC ¶ 61,094 (2000).

¹⁹ Certificate Policy Statement at p. 61,745-61,746.

²⁰ *Id.*

A. Threshold No-Subsidy Requirement

The Certificate Policy Statement contains a threshold requirement for existing pipelines proposing new construction stating that the pipeline must be prepared to financially support the project without relying on subsidization from existing customers.²¹ As explained herein, two Talen Energy power plants, the Lower Mount Bethel and Martins Creek power plants, have been the sole customers receiving service on the Existing System. Adelphia has executed precedent agreements for long-term transportation arrangements with Talen Energy that are designed to replicate this pre-existing service and to ensure ongoing, reliable service to these plants at rates acceptable to Talen Energy.²² While it is not clear whether the threshold no-subsidy test applies under the circumstances at hand, Adelphia submits that the Project is proceeding without subsidy from Talen Energy and therefore this threshold requirement has been satisfied.

B. No Adverse Effects on Existing Customers, or on Existing Pipelines and Their Captive Customers

Under the Certificate Policy Statement, an analysis must be conducted to (i) identify potential adverse impacts on existing customers, competing pipelines and their captive customers, or landowners and communities affected by the construction and (ii) determine whether the applicant has made efforts to eliminate or minimize such adverse effects.²³ If residual adverse effects are identified after efforts have been made to minimize them, the Commission will “evaluate the project by balancing the evidence of public benefits to be achieved against residual adverse effects.”²⁴

²¹ *Id.* at p. 61,746.

²² The Talen Energy precedent agreements are contained in Exhibit I.

²³ Certificate Policy Statement at p. 61,745.

²⁴ *Id.* at p. 61,745.

The Adelpia Gateway Pipeline will not result in any adverse impact on Talen Energy because agreements are in place to ensure continued firm service and rates acceptable to Talen Energy, nor will the Project result in any adverse impact to competing pipelines and their captive customers because the Project will be an open-access pipeline providing nondiscriminatory service in a competitive market. As described above, the demand for low-cost, clean-burning natural gas in this region of the country has steadily increased, and the interconnecting interstate pipelines provide an abundant and diverse source of gas supply near the demand area. The Project provides facilities to move this gas supply into markets that need it, while continuing to serve Talen Energy's power plants. Further, the Project will increase grid reliability with the increased interstate pipeline interconnections and will satisfy increasing demand with additional flow of natural gas. Acquisition and operation of the Project will serve to further enhance competition in the market by providing additional competitive service options.

C. Minimal Potential for Adverse Impacts to Landowners and Communities Affected by the Project

The vast majority of the Project facilities, including the 18-inch Mainline and the 20-inch Mainline, are already existing and in operation. Thus, the Project will entail only minimal impacts to surrounding landowners and communities from construction of the additional facilities needed to place the Project into FERC jurisdictional service. Adelpia has designed the New Facilities to minimize the additional temporary and permanent ROW required by proposing to construct the facilities within existing stations and ROW. Adelpia is committed to reaching voluntary easement agreements with landowners for any new parcels required for the Project and to using eminent domain only if necessary after significant efforts to reach agreement.

Adelphia has contacted landowners and stakeholders consistent with the Commission's requirements. In areas where Adelphia will be constructing the New Facilities, Adelphia has reached out to community leaders, office holders, and potentially affected landowners. Through the stakeholder outreach completed to date, Adelphia is identifying and seeking to minimize impacts to the extent possible on all potential landowners. A detailed description of the agencies and other stakeholders with whom Adelphia has consulted is contained in Appendix 1D of Resource Report No. 1. Additionally, a list of applicable permits and approvals, responsible agencies, and the filing status and schedule of each authorization is provided in Table 1.9-1 in Resource Report No. 1.

The potential environmental impacts associated with the Project and the mitigation measures proposed regarding such impacts are discussed more fully in the Environmental Impacts section in Article VII of this Application and in the accompanying Resource Reports attached hereto as Exhibit F-I. Adelphia certifies that the additional facilities proposed herein will be designed, constructed, installed, inspected, tested, operated, replaced, and maintained in accordance with the Natural Gas Pipeline Safety Act of 1968, as amended and recodified,²⁵ and pursuant to the implementing regulations of the Department of Transportation²⁶ and any other applicable safety standards. Adelphia will incorporate all environmental information and National Environmental Policy Act ("NEPA") compliance requirements into construction contract bid documents and, as needed, give appropriate instruction and training to contractors and inspectors in carrying

²⁵ 49 U.S.C. §§ 60101-60128.

²⁶ 49 C.F.R. Part 192.

out the Commission's guidelines. Consistent with the Commission's landowner notification requirements, and as described in Section VIII, Adelphia will send out notices to all affected landowners of record (as reflected on the landowner list included in Resource Report 1). Adelphia will continue to be in contact with appropriate authorities regarding measures to mitigate any adverse environmental impacts along its route to the extent practicable.

D. Benefits Associated with the Project Outweigh the Adverse Effects

The Commission balances the public benefits to be achieved by the project against the residual adverse impacts of the proposed project when evaluating whether a proposed project is needed and will serve the public interest.²⁷ The overall purpose of the Project is to acquire and convert existing oil and intrastate natural gas facilities to natural gas interstate transmission service within the jurisdiction of the Commission. The Project will allow for conversion and placement into FERC-jurisdictional service of currently underutilized facilities to meet growing demand. The facilities proposed for acquisition and conversion are currently underutilized, because the Existing System only provides service for the benefit of Talen Energy to serve two of its power plants. As set forth in Section III of this Application, Adelphia will continue to provide this service but will also expand service by converting the 50-mile, oil-only Zone South facilities to natural gas service. Because a significant portion of the Project's facilities are already constructed and available, the impacts of the Project on landowners and communities along the pipeline route are substantially mitigated. The issuance of the requested certificate authorizations will allow Adelphia to acquire and operate pipeline facilities necessary to provide

²⁷ Certificate Policy Statement at p. 61,745.

customers the opportunity to transport gas supplies in interstate commerce from and to interconnections with various interstate pipelines on the acquired facilities. The Project will transport gas supply volumes to demand centers and end-users in the greater Philadelphia area and the Marcus Hook Industrial Complex. The Project will also increase the reliability and flexibility of the natural gas pipeline grid in the area by adding new capacity to the market and increasing the number of interconnections along the grid. The Project thus offers cost-effective and reliable transportation service to meet the demand. The benefit of the Project is further confirmed by the executed precedent agreement between Adelpia and its new Project shipper for long-term firm capacity on the Project facilities.

For all the reasons set forth herein, the benefits associated with the Adelpia Gateway Pipeline far outweigh any potential adverse effects, which have been or will be significantly mitigated through Adelpia's efforts, as described in this Application and the accompanying Resource Reports attached hereto as Exhibit F-I.

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

For the reasons discussed above and consistent with the criteria set forth in the Certificate Policy Statement, authorization of the Adelpia Gateway Pipeline as proposed is consistent with, and required by, the public convenience and necessity. The Project will provide numerous benefits to the region it serves, including:

1. Meeting existing and growing natural gas fuel supply demands of electric generators and other natural gas users in Pennsylvania and the northeastern United States;
2. Providing access for the demand markets to multiple supply sources; and

3. Adding reliability and flexibility to the natural gas transmission grid in the northeastern United States.

For the foregoing reasons, Adelphia respectfully submits that granting the authorizations requested herein is required by the public convenience and necessity.

In summary, the Project satisfies the Commission's Certificate Policy Statement and is consistent with the Commission's economic, competition and environmental goals. As described in detail in this Application and in the accompanying exhibits, the Project benefits far outweigh the Project's potential adverse impacts, which have been or will be mitigated through Adelphia's efforts, as described in this Application. Accordingly, the Project meets the Certificate Policy Statement's standards, is in the public interest, and is required by the public convenience and necessity.

VII. ENVIRONMENTAL IMPACT

The entire Existing System, including the pipelines and most of the appurtenant facilities, were constructed and in operation in non-FERC jurisdictional service pursuant to state regulatory authorizations, and no environmental impact is anticipated for the Existing System. Construction and ground-disturbing activities for the New Facilities will largely take place within the existing right of way for the facilities and in previously disturbed areas. Accordingly, environmental impacts associated with the Project will not be significant and will be further minimized through implementation of mitigation and impact-avoidance measures.

Adelphia's Resource Reports, included herewith as Exhibit F-I, provide the information necessary for the Commission to complete its environmental analysis of the Project, as required by NEPA, 42 U.S.C. §§ 4321-4370d. The Resource Reports were

prepared pursuant to Part 380 of Commission's regulations.²⁸ In addition to discussions with Adelphia, interested parties will have the opportunity to submit comments on the Project to FERC and to review the public filings of the Resource Reports contained herein. As the Resource Reports show, the environmental impacts associated with the construction of the Project will be adequately mitigated. Adelphia intends to incorporate the Commission's *Upland Erosion Control, Revegetation and Maintenance Plan* and *Wetland and Waterbody Construction and Mitigation Procedures* (May 2013 versions of both) into the Erosion and Sedimentation Control Plan to be used for the Project. Adelphia will also incorporate standard environmental mitigation measures into its construction specifications.

The Resource Reports demonstrate that (i) any adverse impacts associated with the Project will be adequately mitigated or avoided, (ii) the proposed action is the best alternative, and (iii) significant resources will not be irreversibly or irretrievably lost due to construction activities. Under these circumstances, approval of the proposed facilities described herein will not be a major federal action significantly affecting the quality of the human environment.

The Project will be constructed in accordance with all applicable environmental permits, approvals and regulations. Adelphia is committed to minimizing the environmental impact of the Project and to reclaiming all disturbed areas to a consistently high standard, regardless of ownership. The construction activities are not anticipated to have any significant adverse effects on residents or industrial areas and the impacts to

²⁸ 18 C.F.R. § 380.12.

public, recreational or scenic areas, as well as vegetation, wildlife and cultural resources can be adequately mitigated.

In accordance with the Commission's requirements, Adelphia has evaluated ambient and Project noise levels associated with the Project facilities, assessed impacts, and proposed mitigation measures that can be implemented, if necessary, to ensure that noise levels comply with FERC and state noise standards. Construction and operation emissions associated with the new compressor stations will comply with all applicable air quality regulations. In this regard, air quality impacts from operation of the proposed compressor stations will be minimized by the use of equipment, emissions controls and best operating practices.

VIII. LANDOWNER NOTIFICATION AND OUTREACH

Adelphia has established a toll-free phone number (800-483-3179) to address any concerns raised by landowners or other interested parties before, during, and after construction of the Project. Adelphia may also be contacted by e-mail at info@adelphiagateway.com. In addition, Adelphia has created a website for the Project (www.adelphiagateway.com). This website will be updated periodically as new information about the Project becomes available.

Adelphia has complied with, and will continue to comply with, the landowner notification requirements set forth in Section 157.6(d) of the Commission's regulations.²⁹ A list of affected landowners, provided as Appendix 1E to Resource Report No. 1 and included in Volume III of this Application, contains privileged landowner contact

²⁹ 18 C.F.R. § 157.6(d).

information and is marked “CUI//PRIV Contains Privileged Information – Do Not Release.”

Adelphia, within three business days following the Commission’s issuance of a notice of this application, will mail the required notification letter to each affected landowner, town, community, and federal, state, and local governments and agencies involved in the Project.³⁰ Further, within three business days after the Commission assigns a docket number for this Application, a copy of the Application will be made available for inspection in centrally located public libraries in the counties across the Project area. Within 14 days after the Commission assigns a docket number to this Application, a notice that this application has been filed with the Commission will be published twice in newspapers of general circulation in each county in which the Project is located.

IX. SUPPLY

Adelphia proposes only to provide open-access transportation service on the Adelphia Project and, accordingly, Adelphia’s shippers are responsible for obtaining supplies to be transported on the capacity created by the Project.

X. RATES

A. Recourse and Negotiated Rates

The calculation of Adelphia’s initial rates for service is detailed on Pages 3-13 of Schedule 1 located in Exhibit P and described in this Article X, Section B, below. Adelphia’s proposed maximum reservation recourse rate for Rate Schedule FTS in Zone

³⁰ Within 30 days after the application filing date, Adelphia will file an updated list of affected landowners, including information concerning any notices that were returned as undeliverable.

South is \$0.5752 per Dth and the maximum recourse usage rate is \$0.0042 per Dth. For Zone North, Adelphia's proposed initial reservation rates for Zone North A and Zone North B are \$0.1422 per Dth/d and \$0.0071 per Dth/d, respectively, with usage rates of \$0.0042 per Dth in each zone. Adelphia further proposes that the usage rate for service in each zone under Rate Schedules ITS and PALS will be the respective 100% load factor derivative of the FTS service rate. The one-part usage rate in these zones for interruptible transportation service pursuant to Rate Schedule ITS and parking and lending service pursuant to Rate Schedule PALS will equal \$0.1464 per Dth for Zone North A, \$0.0113 for Zone North B, and \$0.5794 for Zone South (each the 100 percent load factor equivalent of the Rate Schedule FTS reservation and usage rates). Consistent with Commission policy, Adelphia has allocated \$1 million of its cost of service to interruptible services instead of crediting interruptible revenues to firm shippers.³¹

As explained above, Adelphia proposes to place its Zone North facilities into service promptly following receipt of the certificate authorizations requested herein. Adelphia proposes that, at that time, the Zone North rates will become effective, but the effective date for the Zone South rates will be delayed until the Zone South facilities are converted and all new facilities in Zone South are constructed and placed into service. Upon the in-service date of the new facilities proposed for Zone South, the rates set forth above in the first paragraph of this Section X.A shall apply.

In addition to the rates for the firm and interruptible services provided, applicable charges and surcharges include in-kind fuel retainage and fuel and lost and unaccounted-

³¹ See *Gulf Shore Energy Partners, LP*, 142 FERC ¶ 61,227 at P 14 (2013) (citing *Fayetteville Express*, at P 29; *Midcontinent Express Pipeline LLC*, 124 FERC ¶ 61,089, at P 93 (2008); *Cameron Interstate Pipeline, LLC*, 117 FERC ¶ 61,297 at P 22 & n.22 (2006)).

for gas (“L&U”). The initial fuel retainage percentages will be 0.76% on Zone South and 0.00% on each of Zone North A and Zone North B; the L&U percentage for each of Zone South, Zone North A, and Zone North B will be 0.05%. The calculations for these percentages are set forth in Exhibit Z-2, and an explanation of how Adelphia will annually update these periodic rate adjustment components is contained in Article XI, Section D below.

Adelphia will provide service to the Project shippers at negotiated rates in accordance with the negotiated rate authority set forth in Section 3.5 of Rate Schedule FTS and Section 30 of the General Terms and Conditions of Adelphia’s proposed Tariff. Adelphia will file tariff records reflecting its negotiated rate agreements with its shippers within 30 to 60 days prior to when the underlying negotiated rates are proposed to become effective.

B. Cost of Service and Rate Design

Adelphia’s cost of service is based on the total capital costs for the proposed Project, as presented in Exhibit K to this Application. Adelphia then calculates its proposed recourse rates based on this cost of service and on billing determinants that reflect the total design capacity of each Zone in the Adelphia system.

As described in Exhibit P, Schedule 1 pages 1-2, the rate derivation for the initial recourse rates shown on Schedule 1 includes a proposed depreciation rate of 3.33%, a proposed negative salvage rate of 0.25%, a 21% federal income tax rate and a 9.56% state income tax rate. The rate derivation includes a proposed overall rate of return of 10.00% based on Adelphia’s expected 50% debt and 50% equity capital structure with a debt cost of 6% and a return on equity (“ROE”) of 14.00%.

The imputed capital structure for Adelphia is reflective of debt levels associated with fully amortizing, term loan arrangements that could be supported by revenues from Adelphia's firm transportation commitments. Adelphia's weighted average cost of capital under its proposed capital structure is 10.00%, which is consistent with the range that the Commission has found acceptable for similar interstate pipeline projects.³² Adelphia proposes a 14.00% ROE, which the Commission also has found acceptable for new interstate pipeline projects.³³ Adelphia notes that the 14.00% ROE for new interstate pipeline projects typically involves construction. Here, like the investment made in a new greenfield pipeline project, Adelphia is making a substantial capital investment in facilities that will be placed into FERC-jurisdictional natural gas service for the first time. Moreover, Adelphia is also undertaking additional construction to convert the facilities to natural gas-only service and to allow Zone South to operate in accordance with the certificate authorizations that Adelphia requests herein.³⁴

³² See *NEXUS Gas Transmission*, 160 FERC ¶ 61,022 at P 81 (2017) (approving a weighted average cost of capital of 10.7 percent based on an ROE of 14 percent, a cost of debt of 5.75 percent, and a 50/50 capital structure); *ETC Tiger Pipeline, LLC*, 131 FERC ¶ 61,010 at P 26 (2010) (approving a weighted average cost of capital of 11.375 percent based on an ROE of 14 percent, an assumed cost of debt of 8.75 percent, and a 50/50 capital structure); *Bison Pipeline LLC*, 131 FERC ¶ 61,013 at P 29 (2010) (approving a weighted average cost of capital of 11 percent based on an ROE of 14 percent, an assumed cost of debt of 8 percent, and a 50/50 capital structure); *Ruby Pipeline, LLC*, 128 FERC ¶ 61,224 at P 52 (2009) (approving a weighted average cost of capital of 11.18 percent based on an ROE of 14 percent, an assumed cost of debt of 9.3 percent, and a capital structure of 60 percent debt and 40 percent equity).

³³ See *NEXUS Gas Transmission*, 160 FERC ¶ 61,022 at P 81 (2017) (approving a 14 percent ROE); *Sabal Trail Transmission*, 154 FERC ¶ 61,080 (2016) (approving a 14 percent ROE); *Vista Pipeline*, 111 FERC P 61,432 (2005) (finding a 13 percent ROE "reasonable for a new pipeline entity such as Vista Pipeline"); *Bison Pipeline LLC*, 131 FERC P 61,013 (2010) (approving a 14 percent ROE because the project was consistent with other projects the Commission approved for new pipelines); *Ruby Pipeline, L.L.C.*, 128 FERC ¶ 61,224 (2009) (approving a 14 percent ROE).

³⁴ Unlike in *First ECA Midstream LLC*, 155 FERC ¶ 61,222 (2016), where the Commission adopted a lower ROE for an acquisition involving no construction or capital expenditures of any kind by the applicant, Adelphia is making a substantial capital investment, along with the related investment risk, to acquire pipeline facilities utilized for the Project, and will be required to undertake substantial construction, replacement, and conversion activities to place oil transportation facilities into natural gas transportation service at significant expense and risk. Adelphia expects that any Commission order approving the Project as a new interstate natural gas pipeline system will require Adelphia to submit a three-year cost and revenue study to determine

Further, unlike in rate proceedings involving an existing pipeline, which can design its rates based on billing determinants reflecting actual subscriptions for firm capacity on its system, Adelphia is basing its rates on the full capacity of its system comparable to the methodology for a greenfield pipeline where the Commission has approved a 14.00% ROE. In this case, as of the date of this filing, there is unsubscribed capacity in Zone South, placing Adelphia at risk for recovery of the costs associated with that capacity in the same way that a greenfield pipeline would be at risk for such capacity. Accordingly, Adelphia proposes that a 14.00% ROE accurately reflects Adelphia's level of risk and investment in the acquisition, construction, and conversion activities necessary to place the Project into FERC-jurisdictional natural gas service for the first time. However, to the extent the Commission does not approve Adelphia's proposed ROE and instead looks to its most recently approved proxy group and ROE analysis from *El Paso Natural Gas Company*, Adelphia requests that the Commission apply the highest ROE of 11.08% contained in that Commission-approved proxy group to reflect the additional risk Adelphia is taking on in connection with the Project as described above.³⁵

In accordance with the Commission's policy for acquisition costs, the rate base for the initial rates for the Project includes the acquisition price of the Existing System. The Commission has determined that the acquisition price is the correct cost to use for rate base purposes when the *Longhorn* two factor-test is met.³⁶ Under the *Longhorn* test, the acquiring company must (1) show that the facilities will be converted from one public use

actual costs and revenues following placing the Project into service. Accordingly, Adelphia submits that the Commission's longstanding precedent approving a 14 percent ROE for new interstate pipeline projects is more applicable than pure acquisition cases involving no related investment or investment risk.

³⁵ See *El Paso Nat. Gas Co.*, 145 FERC ¶ 61,040, at P 642 (2013).

³⁶ See *Longhorn Partners Pipeline*, 73 FERC ¶ 61,355, p. 62,112-13 (1995).

to a different public use or that the asset will be placed into FERC-jurisdictional service for the first time; and (2) show clear and convincing evidence that its acquisition of the facilities will still provide substantial, quantifiable benefits to ratepayers even if the full purchase price, including the acquisition premium, is included in rate base for rate-making purposes.³⁷

Adelphia readily meets the *Longhorn* test. First, the acquisition will result in the Adelphia Gateway Pipeline being placed into FERC-jurisdictional natural gas transportation service for the first time. Moreover, the acquisition will also result in conversion of the Existing System from dual-use oil service and natural gas service on the Zone North A facilities and oil-only transportation service on the Zone South facilities to solely interstate natural gas transportation service on all of the facilities. Second, the acquisition will result in substantial, quantifiable benefits to ratepayers because the acquisition cost is lower than the cost to replicate these facilities for interstate natural gas transportation service with entirely new construction.³⁸

C. Fuel Rates

Consistent with the Commission’s policy on fuel use recovery, Adelphia proposes an in-kind system fuel retention with an annual tracker mechanism. As with its recourse rates, the fuel reimbursement mechanism imbedded in Adelphia’s Tariff is designed to recover fuel use and L&U on a zone-gate basis, as a percentage of gas transported in each

³⁷ *Id.*

³⁸ See *NEXUS Gas Transmission*, 160 FERC ¶ 61,022 at P 81 (2017) (explaining how utilizing existing facilities through a lease agreement “benefits the environment and reduces costs by enabling NEXUS to use existing unsubscribed capacity on Vector, eliminating the need for it to construct greenfield facilities that would generally duplicate Vector’s existing facilities); *Columbia Gas Transmission Corp.*, 4 FERC ¶ 61,242 (1978) (“Acquisition of the line eliminates the need for GT to construct a new line and obviates the need for duplicate facilities.”).

applicable zone. Each year, as described in Article XI(D) below, Adelphia will make a fuel tracker filing pursuant to Section 4 of the NGA to true-up any differences between the fuel retained from shippers and the actual fuel consumed and L&U in the respective zones.

D. AFUDC Representation

Adelphia hereby provides its statement representing that the Allowance for Funds Used During Construction (“AFUDC”) accruals included in the cost of the Project, reflected in Exhibit K hereto, are in compliance with the Commission’s policy on AFUDC accruals as set forth in the Docket No. AD10-3-000 proceeding.³⁹ Adelphia began accruing AFUDC for the Project on December 1, 2017, which was after Adelphia’s execution in October 2017 of a purchase and sale agreement with Talen Generation, LLC to acquire the Existing System. In accordance with the Commission’s AFUDC policy, Adelphia hereby affirms that it had begun to incur capital expenditures for the Project on that date and that activities necessary to develop the Project for its intended use were in progress at that time.

**XI.
TARIFF**

As part of this Application, Adelphia is requesting approval of the Tariff contained in Exhibit P. The Tariff contains the General Terms and Conditions and the Rate Schedules and associated form of service agreement for each service under which Adelphia’s services will be offered. Adelphia prepared the proposed Tariff in conformance with the requirements of Parts 154 and 284 of the Commission’s regulations,⁴⁰ in full compliance with Commission-approved North American Energy Standards Board (“NAESB”)

³⁹ *Southern Natural Gas Co., et al.*, 130 FERC ¶ 61,193 (2010); *see also Texas Eastern Transmission, LP*, 131 FERC ¶ 61,164 (2010).

⁴⁰ 18 C.F.R. Parts 154 and 284 (2017).

standards in effect as of the date hereof, and consistent with the Commission's open-access policies and precedent. The proposed Tariff is fully compliant with Order Nos. 636⁴¹ and 637,⁴² including offering, among other items, secondary point rights, segmentation rights and provisions to effectuate capacity release transactions, as discussed in more detail below.

A. Description of Services

Adelphia will provide its transportation services on an unbundled, open-access basis under terms and conditions that are not unduly discriminatory. Adelphia's Tariff includes firm transportation service under Rate Schedule FTS. Adelphia's Rate Schedule FTS provides customers with the right to deliver gas to Adelphia at the primary receipt point on a firm basis and receive gas from Adelphia at a primary delivery point up to the MDQ. The firm service offered will give shippers certainty as to their ability to transport gas and the assurance that such capability will be available to them at the highest scheduling priority on the system.

⁴¹ *Pipeline Service Obligations and Revisions to Regulations Governing Self-Implementing Transportation and Regulation of Natural Gas Pipelines After Partial Wellhead Decontrol*, Order No. 636, FERC Stats. & Regs. Regulations Preambles ¶ 30,939 (1992), 57 Fed. Reg. 13,267 (Apr. 16, 1992), *order on reh'g*, Order No. 636-A, FERC Stats. & Regs. Regulations Preambles ¶ 30,950 (1992), 57 Fed. Reg. 36,128 (Aug. 12, 1992), *order on reh'g*, Order No. 636-B, 61 FERC ¶ 61,272 (1992), 57 Fed. Reg. 57,911 (Dec. 8, 1992), *reh'g denied*, 62 FERC ¶ 61,007 (1993), *aff'd in part and remanded in part sub nom., United Distribution Co. v. FERC*, 88 F.3d 1105 (D.C. Cir. 1996), *order on remand*, Order No. 636-C, 78 FERC ¶ 61,186 (1997), *cert. denied*, 520 U.S. 1224 (1997), *reh'g denied*, Order No. 636-D, 83 FERC ¶ 61,210 (1998), 63 Fed. Reg. 30,127 (June 3, 1998).

⁴² *Regulation of Short-Term Natural Gas Transportation Services and Regulation of Interstate Natural Gas Transportation Services*, Order No. 637, FERC Stats. & Regs. [Regs. Preambles 1996-2000] ¶ 31,091 (2000), 65 Fed. Reg. 10,156 (Feb. 25, 2000), *order on reh'g*, Order No. 637-A, FERC Stats. & Regs. [Regs. Preambles 1996-2000] ¶ 31,099 (2000), 65 Fed. Reg. 35,706 (June 5, 2000), *reh'g denied*, Order No. 637-B, 65 Fed. Reg. 47,284 (Aug. 2, 2000), 92 FERC ¶ 61,062 (2000), *aff'd in part and remanded in part, Interstate Natural Gas Assoc. of Am. v. FERC*, 285 F.3d 18 (D.C. Cir. 2002), *order on remand*, 101 FERC ¶ 61,127 (2002) ("Order No. 637").

In addition to firm transportation service, Adelphia's Tariff provides for interruptible transportation service under Rate Schedule ITS and parking and lending service under Rate Schedule PALS. Rate Schedule ITS allows shippers to obtain transportation service on an as-needed and as-available basis by tendering gas for delivery to Adelphia up to the shipper's MDQ and only paying for the service received. The parking service under Rate Schedule PALS is an interruptible service that allows a shipper to deliver gas quantities at a receipt point that will remain on the Adelphia pipeline system until returned to the shipper. The lending service under Rate Schedule PALS is an interruptible service that allows a shipper to receive quantities of gas from Adelphia at a delivery point and subsequently return the loaned gas to Adelphia. Interruptible service will only be available to the extent that capacity is available from day to day and from time to time during the gas day, under current conditions and will be provided in accordance with the priorities set forth in the General Terms and Conditions.

B. Compliance with Commission Requirements

Adelphia's Tariff complies with the requirements of Order No. 587⁴³ and Order No. 637,⁴⁴ and accordingly, Adelphia will furnish its services on an open-access basis, under

⁴³ *Standards for Business Practices of Interstate Natural Gas Pipelines*, Order No. 587, FERC Stats. & Regs. ¶ 31,038 (1996), 61 Fed. Reg. 39,053 (July 26, 1996), Order No. 587-B, FERC Stats. & Regs. ¶ 31,046 (1997), 62 Fed. Reg. 5,521 (Feb. 6, 1997), Order No. 587-C, FERC Stats. & Regs. ¶ 31,050 (1997), 62 Fed. Reg. 10,684 (Mar. 10, 1997), Order No. 587-G, FERC Stats. & Regs. ¶ 31,062 (1998), 63 Fed. Reg. 20,072 (Apr. 23, 1998), Order No. 587-H, FERC Stats. & Regs. ¶ 31,063 (1998), 63 Fed. Reg. 39,509 (July 23, 1998), Order No. 587-I, FERC Stats. & Regs. ¶ 31,067 (1998), 63 Fed. Reg. 53,565 (Oct. 6, 1998), *order on reh'g*, Order No. 587-K, FERC Stats. & Regs. ¶ 31,072 (1999), 64 Fed. Reg. 17,276 (Apr. 9, 1999), Order No. 587-M, FERC Stats. & Regs. ¶ 31,114 (2000), 65 Fed. Reg. 77,285 (Dec. 11, 2000), Order No. 587-N, FERC Stats. & Regs. ¶ 31,125 (2002), 67 Fed. Reg. 11,906 (Mar. 18, 2002), Order No. 587-O, FERC Stats. & Regs. ¶ 31,129 (2002), 67 Fed. Reg. 30,788 (May 8, 2002), Order No. 587-R, FERC Stats. & Regs. ¶ 31,141 (2003), 68 Fed. Reg. 13,813 (Mar. 21, 2003), Order No. 587-S, FERC Stats. & Regs. ¶ 31,179 (2005), 70 Fed. Reg. 28,204 (May 17, 2005), Order No. 587-T, 126 FERC ¶ 61,129 (Feb. 24, 2009), Order No. 587-U, 130 FERC ¶ 61,212 (Mar. 24, 2010), Order No. 587-V, 140 FERC ¶ 61,036 (July 19, 2012) ("Order No. 587"), 18 C.F.R. § 284.12(a) (2014) (incorporation by reference of NAESB standards).

⁴⁴ Order No. 637.

non-discriminatory terms and conditions. Adelphia will also make the appropriate arrangements to transmit and receive information on an electronic basis for all transactions, and Adelphia will provide all information required by the Commission through an electronic bulletin board.⁴⁵

C. Gas Quality

With respect to requirements set forth in FERC's *Policy Statement on Provisions Governing Natural Gas Quality and Interchangeability in Interstate Natural Gas Pipeline Company Tariffs*, Adelphia has included as Exhibit Z-4 hereto, a chart showing "relevant information about the gas quality and interchangeability specifications of interconnecting pipelines and of the competing pipelines serving customers to be served directly by" Adelphia.⁴⁶ Specifically, the chart shows the gas quality provisions of Adelphia in comparison to the existing gas quality specifications of Transco, TCO, and Texas Eastern. Adelphia derived its proposed gas quality specifications by considering the gas quality specifications of the natural gas being delivered to Adelphia at various receipt point interconnections in the eastern Pennsylvania region and the requirements that Adelphia must meet in delivering gas into downstream pipeline markets. Adelphia also considered the gas quality needs for end-use delivery points on its system. Adelphia's goal in deriving its proposed quality specifications was to ensure that gas flowing on Adelphia will be compatible, to the maximum extent possible, with the gas quality specifications of upstream and downstream pipeline systems and gas quality needs of directly connected end-users.

⁴⁵ See Section 2 of the General Terms and Conditions of the Tariff.

⁴⁶ *Policy Statement on Provisions Governing Natural Gas Quality and Interchangeability in Interstate Natural Gas Pipeline Company Tariffs*, 115 FERC ¶ 61,325 at P 45 (2006) ("Gas Quality Policy Statement").

D. Periodic Rate Adjustments

Adelphia proposes to use an in-kind fuel tracking mechanism, referred to as its Transporter's Use (%) ("TUP"), to recover fuel and L&U. The proposed initial TUP for Zone North A is 0.05% and for Zone North B is 0.05%. The initial TUP for Zone South will be 0.81% and is calculated using engineering principles and manufacturer's specifications for the proposed compressor engines. Adelphia will re-determine the TUP by zone by dividing Adelphia's projection of fuel usage and any lost and unaccounted for gas for the 12-month period beginning April 1, plus any under-collections and less any over-collections for the prior period, by Adelphia's projection of applicable throughput for the same 12-month period. Adelphia will make annual filings with the Commission to restate its TUP to be effective on April 1 of each year after the pipeline is placed in service.

Additionally, Adelphia will maintain a separate System Balancing Adjustment ("SBA") account that will be credited for all sales of excess fuel collected under its TUP, debited for all purchases of gas for Transporter's Use and further adjusted for certain operational activities. Such operational activities include: (1) net annual system Cashout balance determined in accordance with Section 8 of the General Terms and Conditions and Operational Balancing Agreement Cashouts; (2) the net Transporter's Use Adjustment balance, determined in accordance with Section 22.1 of the General Terms and Conditions; and (3) any other account balance as may be approved by the FERC. The annual net SBA balance for each year ending December 31 will be refunded or recovered from the Adelphia shippers based upon each shipper's actual throughput during the 12-month accumulation period.

XII.
OTHER APPLICATIONS

With the exception of the instant Application, Adelphia knows of no other applications pending or required before the Commission under the NGA for the proposed Project or which affect the Application. Adelphia will require other federal, state and local authorizations or permits for the proposed facilities. A listing of the particular permits and approvals required (to the extent that the state or local permits or approvals do not conflict with the Commission's certificate and associated conditions) is included in Table 1.9-1 of Resource Report 1, Exhibit F-I. All of the required Federal Authorizations, including those delegated to a state authority, are set forth in Exhibit J attached hereto.

XIII.
REQUEST FOR APPROVAL OF NON-CONFORMING PROVISIONS

As part of this Application, Adelphia is requesting an upfront Commission approval of the two new firm service agreements contemplated by the precedent agreements with the Existing Shippers that will contain non-conforming provisions to replace the Existing Shippers' long-term legacy capacity commitments on the Existing System to be acquired by Adelphia ("Existing Shipper Agreements"). Sections 154.1(d) and 154.112(b) of the Commission's regulations require pipelines to file any agreement that deviates "in any material aspect from the form of service agreement" in the pipeline's tariff.⁴⁷ The Commission defines "a material deviation as any provision of a service agreement that goes beyond the filling-in of the spaces in the form of service agreement with the appropriate information provided for in the tariff and that affects the substantive rights of

⁴⁷ 18 C.F.R. §§ 154.1, 154.112(b) (2017).

the parties.”⁴⁸ The Commission’s policy is that such material deviations may be acceptable if “such deviations do not change the conditions under which service is provided and do not present a risk of undue discrimination.”⁴⁹

The non-conforming provisions in the Existing Shipper Agreements pose no risk of undue discrimination and no change in the conditions under which service is provided. The Existing Shipper Agreements will allow Adelphia to continue service that the Existing System already provides to supply the two Talen Energy power plants. The Existing Shipper Agreements conform in all respects to the form of service agreement for Rate Schedule FTS under Adelphia’s pro forma Tariff included in Exhibit P hereto, with the exception of one material non-conforming provision contained in Article II of the Existing Shipper Agreements, which Adelphia will file redlines of in this proceeding. Specifically, the Existing Shipper Agreements grant each of the Existing Shippers the one-time right to extend the initial ten-year primary term by one additional five-year period, which right may be exercised no later than eighteen months prior to the end of the Primary Term.

The one-time five-year extension right contained in the Existing Shipper Agreements does not pose any risk of undue discrimination and meets the Commission’s standards for approval of non-conforming provisions. The extension rights in the Existing Shipper Agreements are consistent with Commission approvals of similar five-year extension rights as non-conforming provisions, including in service agreements with initial shippers on a new pipeline system.⁵⁰ Moreover, due to the unique circumstances of the

⁴⁸ *Nat. Gas Pipeline Negotiated Rate Policy and Practice*, 104 FERC ¶ 61,134 at P 27 (2003).

⁴⁹ *Id.* (citing *Columbia Gas Transmission Corp.*, 97 FERC ¶ 61,221, p. 62,001-02 (2001)); *see also ANR Pipeline Co.*, 97 FERC ¶ 61,224 (2001).

⁵⁰ *See, e.g., Atlantic Coast Pipeline, LLC et al.*, 161 FERC ¶ 61,042, PP 116-118 (2017).

Existing Shipper Agreements as replacement contracts for long-term firm legacy commitments for firm transportation service on the Existing System, the extension right poses no risk of undue discrimination.⁵¹ Accordingly, Adelphia requests a predetermination from the Commission that the extension rights contained in Article II of the Existing Shipper Agreements are permissible non-conforming provisions.

The Commission has stated that “for a pipeline to receive an upfront determination in a certificate proceeding regarding potentially non-conforming provisions, the pipeline must file redline/strikeout versions of the service agreements.”⁵² Adelphia is preparing the redline versions of the Existing Shipper Agreements showing the differences between the Existing Shipper Agreements and the form of service agreement in Adelphia’s pro forma Tariff as described above, and will submit the redline on the docket in this proceeding.

XIV. FORM OF NOTICE

In accordance with Section 157.6(b)(7) of the Commission’s regulations, Adelphia has included herewith a Form of Notice of this Application suitable for publication in the *Federal Register*.

⁵¹ See, e.g., *Rockies Express Pipeline LLC*, 116 FERC ¶ 61,272, at PP 77-78 (2006) (“We have accepted deviations from the pipeline’s form of service agreement that reflect the unique circumstance involved with the construction of new infrastructure and provide the needed security to ensure that the project gets built. . . . [W]e find that each of these provisions was tailored to address the unique circumstance of the respective shipper. In these circumstances, we find that these non-conforming provisions do not present a risk of undue discrimination.”).

⁵² *Tennessee Gas Pipeline Company, L.L.C. et al.*, 150 FERC P 61,160, P 44 (2015).

XV.
LIST OF EXHIBITS

Pursuant to Section 157.6(b)(6) of the Commission's regulations, set forth below is the listing of exhibits which are included, unless stated otherwise, in this Application in compliance with Sections 157.5 through 157.18.

Exhibit A Article of Incorporation and Bylaws

Attached.

Exhibit B State Authorization

Attached.

Exhibit C Company Officials

Attached.

Exhibit D Subsidiaries and Affiliation

Attached.

Exhibit E Other Pending Applications and Filings

This information is contained in Article XII of this Application.

Exhibit F Location of Facilities

Attached.

Exhibit F-I Environmental Report

Attached hereto in Volumes II through IV. Resource Report Nos. 1 through 12 as specified in Sections 380.3 and 380.12 of the Commission's regulations are included herewith. Volumes II-A and II-B contain the public version of Exhibit F-I. Volume III contains privileged and confidential information and includes Appendix 1E

(Project Landowner List), and Appendix 1D-2 (certain portions of Agency Correspondence), Appendix 04A (Cultural Resource Survey Report), and Existing System alignment sheets. Volume IV contains Critical Energy Infrastructure Information and includes Appendix B (Plot Plans).

Exhibits G through G-II

Flow Diagrams and Flow Diagram Data

Attached hereto in Volume IV which contains Critical Energy Infrastructure Information.

Exhibit H

Total Gas Supply

Not applicable. Adelphia will provide only open-access, transportation-related services.

Exhibit I

Market Data

Attached. This exhibit includes a copy of the Adelphia precedent agreements with the Existing Shippers and the new Project shipper, all of which contain privileged information, and are included in Volume III.

Exhibit J

Federal Authorizations

Attached. This exhibit identifies the following: each federal authorization that the Project will require; the federal or state agency or officer that will issue each required authorization; the date each request for authorization was submitted; why any request was not submitted and the date submission is expected; and the date by which final action on each federal authorization has been requested or is expected.

Exhibit K

Cost of Facilities

Attached.

Exhibit L

Financing

Attached.

| | |
|-----------|--|
| Exhibit M | <p><u>Construction, Operation and Management</u></p> <p>Omitted. Adelphia will construct or cause the proposed facilities to be constructed, and will manage and operate the Project.</p> |
| Exhibit N | <p><u>Revenues, Expenses and Income</u></p> <p>Attached.</p> |
| Exhibit O | <p><u>Depreciation and Depletion</u></p> <p>Attached.</p> |
| Exhibit P | <p><u>Rate Derivation and Tariff</u></p> <p>Attached.</p> |
| Exhibit Q | <p><u>Effect of Acquisition on Existing Contracts and Tariffs</u></p> <p>As discussed herein, the Existing System is presently used to provide transmission of natural gas services to deliver fuel to Talen Energy's two power plants under long-term transportation arrangements. As further described in detail in this Application, Adelphia has executed precedent agreements that provide for Adelphia continuing service to the Talen Energy power plants pursuant to contracts that are designed to replicate the existing service currently received by these customers. Accordingly, there will be no negative impacts on the contracts currently served by the Existing System.</p> |
| Exhibit R | <p><u>Acquisition Contract</u></p> <p>Attached. The Acquisition Contract is included in Volume III. There is no affiliation between Adelphia and the counterparty seller of the Existing System.</p> |
| Exhibit S | <p><u>Accounting</u></p> <p>Attached.</p> |

- Exhibit Z-1 Form of Protective Agreement
Pursuant to 18 C.F.R. § 388.112(b)(2)(i), a proposed form of Protective Agreement is submitted herewith.
- Exhibit Z-2 Fuel Study
Attached.
- Exhibit Z-3 Open Season Notice
Attached.
- Exhibit Z-4 Gas Quality and Interchangeability Chart
Attached.

**XVI.
REQUEST FOR WAIVERS**

Adelphia submits that this Application may be granted based upon the submissions herein and without a trial-type evidentiary hearing. In accordance with Rule 801 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.801, Adelphia waives oral hearing in this proceeding.

Adelphia requests that the Commission grant any waivers that the Commission may deem necessary to grant the relief and issue the certificates and approvals requested herein.

**XVII.
SUMMARY OF AUTHORIZATIONS REQUESTED**

In summary, Adelphia requests that the Commission grant the following:

- i. a certificate of public convenience and necessity by August 1, 2018, under Section 7(c) of the NGA and 18 C.F.R. Part 157, Subpart A, authorizing Adelphia to construct, own, and operate a new natural gas pipeline facility, as specifically described in this Application;

- ii. a blanket certificate of public convenience and necessity by August 1, 2018, under 18 C.F.R. Part 157, Subpart F, authorizing Adelphia to construct, operate, acquire and abandon certain facilities following construction of the Project;
- iii. a blanket certificate of public convenience and necessity by August 1, 2018, under 18 C.F.R. Part 284, Subpart G, authorizing Adelphia to transport natural gas on behalf of others, on an open-access and self-implementing basis, consistent with the Commission's regulations and Adelphia's Tariff;
- iv. approval of Adelphia's initial rates and *pro forma* FERC Gas Tariff attached to this Application as part of Exhibit P;
- v. approval of non-conforming provisions in transportation service agreements between Adelphia and Lower Mount Bethel Energy, LLC and Martins Creek, LLC; and
- vi. waivers of the Commission's regulations and policies as set forth herein or as deemed necessary by the Commission to grant the relief and issue the certificates and approvals requested.

XVIII. OTHER

Pursuant to the Commission's electronic filing guide, Adelphia is eFiling this Application and will provide two complete copies to OEP Room 62-46 and one complete copy to OGC-EP Room 101-56. Exhibits G through G-II and the plot plans are found in Volume IV and contain Critical Energy Infrastructure Information ("CEII") regarding system pressure and flow. Pursuant to Section 388.112 of the Commission's regulations,

Adelphia hereby requests privileged treatment of these exhibits, which are marked “CUI//CEII” and “Contains Critical Energy Infrastructure Information—Do Not Release.” In addition, Adelphia is marking Volume III as privileged because it contains cultural resource location information, landowner information, and portions of agency correspondence from Exhibit F-I, and confidential business contracts from Exhibit I and Exhibit R. Adelphia requests privileged treatment for this volume and has marked it “CUI//PRIV” and “Contains Privileged Information—Do Not Release.”

XIX. CONCLUSION

The Adelphia Gateway Pipeline will provide approximately 525,000 Dth/d of natural gas transportation capacity on the Zone North portion of the 18-inch Mainline and the 20-inch Mainline and 250,000 Dth/d of natural gas transportation capacity on the Zone South portion of the 18-inch Mainline, providing capacity needed for service to existing and new customers. Adelphia will provide interstate natural gas transportation service to Existing Shippers on the same terms as the legacy firm transportation service agreements and interstate service to new customers under a long-term firm transportation agreement, as well as to any additional customers that may subscribe to available capacity on the Project. The Project will provide its shippers with access to diverse and abundant natural gas supplies through interconnections with three interstate pipelines to meet existing and growing demand in the Pennsylvania and Northeast markets.

WHEREFORE, for the foregoing reasons, Adelphia respectfully requests that the Commission issue the certificates of public convenience and necessity and blanket certificates requested herein, approve Adelphia's *pro forma* FERC Gas Tariff, approve the non-conforming provisions in firm service agreements, and grant such other authorizations and waivers as may be necessary from the Commission to allow Adelphia to undertake the activities described in this Application, all as further set forth herein.

Adelphia Gateway, LLC

/s/ Mark F. Valori
Mark F. Valori
Vice President


January 11, 2018

VERIFICATION

THE STATE OF NEW JERSEY)
)
COUNTY OF MONMOUTH)

Mark F. Valori being first duly sworn, states that he is the Vice President, for Adelpia Gateway, LLC; that he is authorized to execute this Verification; that he has read the foregoing application and is familiar with the contents thereof; and that all allegations of fact therein contained are true and correct to the best of his knowledge and belief.

Adelpia Gateway, LLC



Mark F. Valori
Vice President

Subscribed and sworn to before me this 11th day of January, 2018.



Notary Public,
State of New Jersey

My Commission Expires:

12-4-21

LORI S. CASTELLO
ID# 2353137
NOTARY PUBLIC
STATE OF NEW JERSEY
MY COMMISSION EXPIRES 12-4-21

Adelphia Gateway, LLC

Adelphia Project

DOCKET NO. CP18-____-000

NOTICE

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Adelphia Gateway, LLC

)
)
)

Docket No. CP18- -000

**NOTICE OF ABBREVIATED APPLICATION OF ADELPHIA GATEWAY, LLC
FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY
AUTHORIZING ACQUISITION, CONSTRUCTION, AND OPERATION OF
PIPELINE FACILITIES, AND FOR RELATED AUTHORIZATIONS**

()

Take notice that on [DATE] 2018, Adelphia Gateway, LLC (“Adelphia”) filed with the Federal Energy Regulatory Commission (“Commission”) an application under Section 7(c) of the Natural Gas Act and Part 157 of the Commission’s rules and regulations for its proposed project. Adelphia requests certificate authorization granting it authority to acquire and convert certain existing pipeline and auxiliary facilities, to construct additional auxiliary facilities, and to own and operate the existing and new facilities as an interstate natural gas pipeline system providing 250,000 Dth/d of natural gas transportation capacity from an interconnection with Texas Eastern Transmission, LP (“Texas Eastern”) in Bucks County, Pennsylvania to Marcus Hook, Delaware County, Pennsylvania, and 525,000 Dth/d of combined natural gas transportation capacity from the interconnection with Texas Eastern in Bucks County and an interconnection with Transcontinental Gas Pipeline Company, LLC in Northampton County to Martins Creek Terminal, Martins Creek, Pennsylvania. Specifically, Adelphia proposes to (i) acquire an existing 84-mile, 18-inch-diameter mainline (“18-inch Mainline”) and 4.5-mile, 20-inch-diameter lateral gas pipeline (“20-inch Mainline”), and existing appurtenant and auxiliary facilities, all of which are currently owned and operated in non-FERC jurisdictional service by Interstate Energy Company; (ii) convert a portion of these existing facilities from dual oil and gas intrastate transportation service to solely natural gas transportation service; and (iii) construct additional new facilities including two compressor stations, two pipeline laterals extending from the planned Marcus Hook Compressor Station to interconnections in Chester, Delaware County, Pennsylvania and Claymont, New Castle County, Delaware, and various M&R stations. Adelphia requested the following certificates and related authorizations and waivers (“Application”):

- a certificate of public convenience and necessity pursuant to Part 157, Subpart A of the Commission’s regulations, authorizing Adelphia (i) to acquire, own, and operate an existing pipeline system and related facilities in Pennsylvania that are currently owned and operated in non-NGA-jurisdictional service by Interstate Energy Company LLC, with a portion of the pipeline system previously used solely for oil transportation and the remaining portion of the system used for oil transportation service or natural gas transportation service; (ii) to operate such acquired pipeline facilities in interstate service as a natural gas company as defined in Section 717a of the NGA; (iii) to construct, own, and operate certain proposed

compression facilities and additional pipeline facilities in Pennsylvania and Delaware; and (iv) to construct, install, own, and operate certain other appurtenant facilities;

- a blanket certificate pursuant to Part 157, Subpart F of the Commission's regulations, authorizing Adelphia to construct, operate, acquire and abandon certain facilities as described in Part 157, Subpart F;
- a blanket certificate pursuant to Part 284, Subpart G of the Commission's regulations authorizing Adelphia to provide open-access firm and interruptible interstate natural gas transportation services on a self-implementing basis with pre-granted abandonment authority for such services;
- approval of the pro forma FERC Gas Tariff attached to the Application as part of Exhibit P;
- approval of non-conforming provisions in firm service agreements with existing shippers on the IEC system in light of their long-term legacy capacity commitments on IEC's existing facilities; and
- such other authorizations and waivers as may be necessary from the Commission to allow Adelphia to undertake the activities described in this Application.

Adelphia requests that the Commission issue these authorizations and waivers by August 1, 2018. Any questions regarding this Application should be directed to the following:

William P. Scharfenberg
Assistant General Counsel
Adelphia Gateway, LLC
1415 Wyckoff Road
Wall, NJ 07719
Phone: (732) 938-1134
Fax: (732) 938-1226
WScharfenberg@NJResources.com

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. §§ 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. Anyone filing a motion to intervene or protest must serve a copy of that document on the Applicant. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should

submit an original and 5 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the “eLibrary” link and is available for review in the Commission’s Public Reference Room in Washington, DC. There is an “eSubscription” link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: 5:00 pm Eastern Time on **(insert date)**.

Kimberly D. Bose
Secretary