

## **ET Rover Pipeline Project BINDING OPEN SEASON**

Energy Transfer, through subsidiary ET Rover Pipeline, LLC (“ET Rover”) is conducting this Open Season to solicit additional binding Precedent Agreements for firm transportation service on a new interstate natural gas pipeline system designed to provide access for rapidly growing Marcellus and Utica shale natural gas production to growing markets. The form of Precedent Agreement, is attached. ET Rover is designed as a seamless pipeline solution for producers needing diverse market outlets and end users seeking abundant, stable supply.

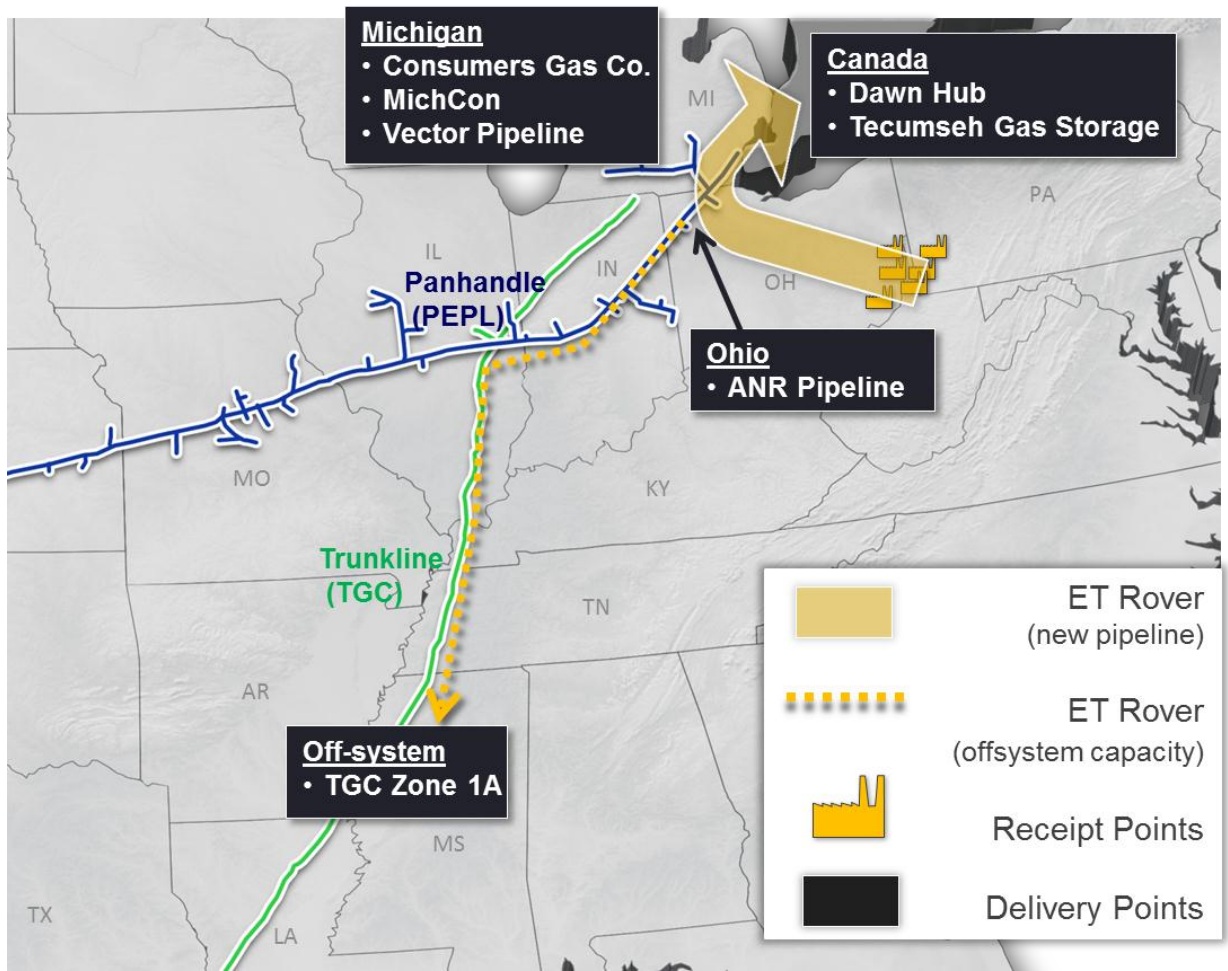
### **Project Overview**

ET Rover is constructing a new interstate pipeline to receive and transport natural gas directly from Marcellus and Utica production outlets westward to points of interconnection with Panhandle Eastern Pipe Line Company (“PEPL”) and ANR Pipeline near Defiance, Ohio, to interconnections in Michigan, to the Union Gas Dawn Hub in Ontario, Canada (“Dawn Hub”) and to certain off-system delivery points on Trunkline Zone 1A (via PEPL), collectively referred to as the “Project”.

As currently contemplated, the Project will consist of new mainline 42-inch pipeline, together with supply laterals and compression facilities with a design capacity up to 3.25 Billion cubic feet per day (Bcf/d); however, the actual sizing and route will depend, among other things, on the level of contractual subscriptions entered into as a result of this Open Season.

ET Rover has entered into long term binding commitments with certain shippers for up to 2.75 Bcf/d of Project capacity. The binding commitments submitted in connection with this Open Season (including, without limitation, the receipt and delivery points preferred by bidders) will be included in determining, in ET Rover’s sole discretion, the optimal size and design of the Project.

ET Rover’s full in-service date for the Project is anticipated to occur in the 2<sup>nd</sup> Quarter of 2017, with deliveries to certain Ohio points estimated by 4<sup>th</sup> Quarter 2016; however, the timing is subject, among other things, to approval by FERC and other governmental authorities and actual construction of the Project’s facilities.



## Project Benefits

- Competitive rates and fuel
- Seamless, all-inclusive link between Marcellus/Utica supply and key demand centers
- Diverse Market Access, including:
  - Canadian markets seeking competitive options to WCSB supplies
  - Liquid trading hubs:
    - MichCon - offering optionality for large-volume shippers with an extensive transmission network, over 124 Bcf of working gas storage and multiple pipeline interconnections
    - Dawn Hub - approximately 155 Bcf of working gas storage, key pipeline connectivity and service to Ontario, Quebec and U.S. Northeast markets
  - Local gas and electric distribution companies
  - Existing and future industrial and power plants
  - LNG export markets in TGC Zone 1A
  - New Midwest and Canadian border pooling points and/or hubs

## **Receipt and Delivery Points**

As currently contemplated, the Project will include the points of interconnection listed below. Alternate routes and alternate/additional receipt and delivery points may be considered if mutually agreeable.

### **Receipt Point Options:**

- Ohio processing plants:
  - Berne <sup>1</sup>
  - Cadiz
  - Leesville
  - Seneca <sup>1</sup>
- Pennsylvania processing plants:
  - Hillman
- West Virginia processing plants:
  - Sherwood <sup>1</sup>
- Pipeline interconnections at Clarington, Ohio and with certain midstream pipelines <sup>2</sup>

Shippers interested in sourcing volumes from other potential supply locations not listed (such as Delmont, Evans City, Houston, Kensington, Majorsville, etc.) should call to discuss the applicable negotiated rates for such paths.<sup>2</sup> Other mutually agreeable points, if economically justified, may be considered in the sole discretion of ET Rover <sup>2</sup>

### **Delivery Point Options:**

- Ohio:
  - ANR Pipeline
- Michigan:
  - Consumers Gas Company
  - MichCon
  - Vector Pipeline
- Canada:
  - US/Canadian border point
  - Dawn Hub
  - Tecumseh Gas Storage
- Off-System:
  - Certain Trunkline (“TGC”) Zone 1A points via PEPL <sup>3</sup>
- Other mutually agreeable points, if economically justified, in the sole discretion of ET Rover <sup>2</sup>

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<sup>1</sup> Access to this receipt point will involve an incremental reservation charge.

<sup>2</sup> In requesting new receipt or delivery points, bidders may identify such points by providing specific (i.e., latitude and longitude) or general location descriptions in their executed Precedent Agreements submitted in response to this Open Season, in the area designated for such information. Such additional facilities are not included in the Project’s costs or rates. The costs for additional facilities would either be reimbursed 100% by Bidder or the negotiated reservation rate would be adjusted accordingly.

<sup>3</sup> Based on market interest, ET Rover will contract with PEPL and TGC for off-system capacity.

## **Negotiated Rates**

ET Rover is offering any interested party the opportunity to attain Negotiated Rate Shipper status. A Negotiated Rate Shipper is defined as a party executing a binding Precedent Agreement in the Open Season with a term of 20 years.

Negotiated Rate Shippers are eligible for negotiated transportation rates, fixed for the 20 year term, in lieu of the generally available recourse rates.

ET Rover has committed Precedent Agreements for up to 2.75 Bcf/d of capacity. These Precedent Agreements have been deemed to be prearranged conforming bids, and will not be subject to prorationing of capacity as a result of the outcome of this Open Season.

For Negotiated Rate Shippers, the proposed minimum reservation rates for firm transportation are as follows:

	<b>Deliveries to Ohio (Dth/d)</b>	<b>Deliveries to Michigan/Dawn (Dth/d)</b>	<b>Deliveries to TGC Zone 1A (Dth/d)</b>
<b>Negotiated Rate Shipper Reservation Rate(s)</b>	\$0.55	\$0.80	\$0.82

*Note: An additional reservation rate will be assessed for certain receipt points as detailed herein.*

A Negotiated Rate Shipper may specify a higher negotiated rate or elect to pay a cost-based recourse rate. ET Rover will consider the combination of Shipper binding bids that represent the highest economic value for the project.

The commodity rates and fuel reimbursement charges are expected to be as follows:

	<b>Deliveries to Ohio</b>	<b>Deliveries to Michigan/Dawn</b>
<b>Commodity rate (per Dth)</b>	\$0.005	\$0.010
<b>Fuel Reimbursement <sup>4</sup></b>	1.2% to 1.6%	1.6% to 2.0%

For deliveries to TGC Zone 1A, the sum of the currently applicable PEPL and TGC commodity rates and fuel reimbursement charges as specified in each pipeline's FERC Gas Tariff will be assessed in addition to the applicable upstream charges.

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<sup>4</sup> Fuel reimbursement percentage is dependent on primary receipt point location.

## **Recourse Rates**

Parties requesting service at a term that does not meet the qualifications of a Negotiated Rate Shipper will be subject to cost-based recourse rates. ET Rover will establish initial recourse rate(s) as part of its FERC approved tariff, based on the rate base at the time the facilities are placed in service. Such rates shall change thereafter from time to time.

The recourse rate(s) will be a function of capacity subscriptions and the final Project specifications. ET Rover reserves the right to file for higher recourse rate(s) for service in connection with the Project, depending on, among other things, the total costs and expenses related thereto.

All other maximum rates, charges, surcharges, fees, and penalties authorized under ET Rover's tariff shall apply to recourse rate service.

## **Open Season Procedures**

Any party wishing to submit a request for capacity in this Open Season must submit an executed Precedent Agreement in the form attached to [RoverPipeline.Mailbox@energytransfer.com](mailto:RoverPipeline.Mailbox@energytransfer.com) or via fax to 713-989-1177.

ET Rover reserves the right to reject and remove from consideration non-conforming bids, bids that have a delayed in-service requirement or other contingencies. Bids that include a Precedent Agreement with any changes to, or that leave provisions blank in the applicable form of Precedent Agreement will be deemed "non-conforming" bids. ET Rover may reject non-conforming bids or, if the non-conforming provisions are otherwise acceptable, ET Rover may, in its sole discretion, deem a non-conforming bid "acceptable" and include the bid as part of the firm capacity allocation process. ET Rover will exercise its discretion in this regard in a not unduly discriminatory manner.

Any requirement that a shipper provide credit support will be governed by, and determined in accordance with, the terms of the shipper's Precedent Agreement.

This Open Season will close at 4:00 PM CDT, July 25, 2014.

Questions concerning this Open Season can be addressed to:

Beth Hickey

[beth.hickey@energytransfer.com](mailto:beth.hickey@energytransfer.com)

713-989-7633

Terry Reilly

[terrance.reilly@energytransfer.com](mailto:terrance.reilly@energytransfer.com)

713-989-7629

### **Contracting for Capacity**

After the close of this Open Season, ET Rover will evaluate all valid Precedent Agreement submissions and make a determination with respect to the final sizing of the Project.

ET Rover will award firm capacity based on the highest net present value of the stream of incremental revenue produced by an acceptable bid, or combination of acceptable bids, received in this Open Season, up to the total quantity that results from the facilities that ET Rover determines, in its sole discretion, to construct.

### **Limitations**

ET Rover reserves the right to define and maintain the economic viability of the Project at all times in its sole discretion. ET Rover's decision to proceed with the Project is at its sole discretion and is subject to receiving a sufficient level of capacity subscriptions, obtaining the necessary governmental authorizations to construct and operate the Project and other conditions as set forth in the form of Precedent Agreement.