

Congress of the United States
Washington, DC 20515

July 27, 2017

Cheryl A. LaFleur
Acting Chairman
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Dear Chairman LaFleur:

We write to request additional information in light of troubling reports regarding Rover Pipeline LLC and parent company Energy Transfer Partners LP (ETP) (collectively “Rover”), and ask that you expand the Federal Energy Regulatory Commission (FERC)’s investigation into ETP.

On June 13, 2017, the Federal Energy Regulatory Commission (FERC) issued a notice of alleged violations that preliminarily determined that Rover violated the Natural Gas Act (NGA)¹ by falsely stating it would avoid damage to a historic home in Ohio located near a planned compressor station when, in fact, Rover was simultaneously purchasing and destroying the structure.² According to the notice, Rover then made “several misstatements” to the Commission³ regarding why it had purchased and demolished the Stoneman House near Leesville, Ohio.⁴ We welcome this investigation, and ask that you expand your investigation based on other troubling incidents outlined below.

The alleged submission of false information is one of many actions related to the project to raise serious concerns about Rover and ETP’s management of its holdings. Among other things, ETP has caused seven industrial spills during the construction of a \$4.2 billion natural gas pipeline through Ohio, Pennsylvania, West Virginia, and Michigan.⁵ On April 13, it was discovered that at least two million gallons⁶ of drilling fluid from the project spilled onto 500,000 acres of pristine wetland.⁷ Subsequent estimates of the spill were as high as five million

¹ 15 U.S.C. § 717.

² Federal Energy Regulatory Commission, *Staff Notice of Alleged Violations* (Jul. 13, 2017).

³ *Id.*

⁴ *Rover Pipeline settles dispute with state historical foundation for \$1.5 million*, Columbus Dispatch (Jun. 16, 2017).

⁵ *The company behind the Dakota Access Pipeline has another big problem in Ohio*, Bloomberg (Jun. 22, 2017).

⁶ *Ohio takes legal action over Rover construction violations*, Energywire (Jul. 11, 2017).

⁷ See note 5.

gallons.⁸ In April and May, the Ohio Environmental Protection Agency cited the company at least 16 times,⁹ and, this month, the state of Ohio issued a formal order requiring Rover to take action to remediate for spilling drilling fluid.¹⁰ Additionally, on July 17, the West Virginia Department of Environmental Protection ordered Rover to cease and desist construction on the pipeline in light of permit violations, requiring a proposed corrective action plan from Rover within 20 days.¹¹ Most recently, on July 25, officials in Pennsylvania shut down construction on another ETP pipeline project, reportedly due to water contamination.¹²

Taken in total, these problems raise serious concerns similar to those surrounding the construction of the Iroquois Pipeline in New York in the 1990s. This incident raised questions about the adequacy of information disclosure and compliance with environmental and safety regulations during pipeline construction.¹³ We do not wish to see these failures repeated.

Our committees have a longstanding interest in ensuring regulated entities are operating in full compliance with all applicable statutes and regulations, including providing agencies with honest information during the natural gas permitting process, as required by the NGA. This is particularly significant with respect to your agency's charge that Rover provided it with potentially false or misleading information, in light of the fact that a certificate of public convenience and necessity conveys with it the right to take private property through eminent domain. It is unacceptable that people's land could be taken by a for-profit company like Rover through a certificate gained, at least in part, on the basis of potentially false information.

ETP has significant holdings under your jurisdiction, including direct ownership of approximately 12,300 miles of interstate natural gas pipelines, as well as a 50 percent interest in the Fayetteville Express pipeline, the Midcontinent Express pipeline, and the 5,300 mile-long Florida Gas Transmission Pipeline.¹⁴

In light of these troubling reports, we request that FERC expand its investigation to include a review of all ETP projects and assets subject to the Commission's jurisdiction,

⁸ *Pipeline spill by Dakota Access company could have 'deadly effect'*, Washington Post (May 8, 2017).

⁹ See note 5.

¹⁰ See note 6.

¹¹ *W.Va. halts construction on Rover*, Greenwire (Jul. 24, 2017).

¹² *Work on Energy Transfer's Mariner lines halted after spills*, Energywire (Jul. 26, 2017).

¹³ *Pipeline supervisors charged with harming environment*, New York Times (Oct. 17, 1996).

¹⁴ Energy Transfer, Interstate Transportation and Storage Segment (www.energytransfer.com/ops_interstate.aspx) (accessed Jul. 25, 2017).

including projects by ETP subsidiaries, in order to fully determine whether ETP has falsified information for other projects. An expanded investigation will help determine whether ETP provided inaccurate information for projects in addition to the Rover pipeline, and confirm whether permitting decisions for these projects were based on accurate and complete information. We also request responses to the following questions:

- 1) What policies, procedures, and regulations serve to ensure and verify that FERC's assessments of natural gas pipeline certificate applications are based on complete and accurate information?
- 2) How many applications for certificates of "public convenience and necessity" did FERC receive during 2000 – 2017, and how many of those applications did FERC deny?
- 3) What FERC procedures or regulations govern or monitor regional distribution of natural gas pipeline certificate approvals? How do these or other FERC policies or regulations account for the number of existing pipelines in a given region during FERC's consideration of applications for new natural gas pipeline construction?
- 4) What actions can FERC take under the NGA or other authority to address willful or significant violations of the Act or the Commission's regulations? Could such action include revoking a certificate of public convenience and necessity? Does FERC have the authority to prevent an entity from receiving future such certificates, where the entity has demonstrated a pattern of willful or significant violations in the past?

We appreciate your prompt and thorough response to this request. If you have any questions, please do not hesitate to contact Jon Monger or Rick Kessler of the House Energy and Commerce Committee staff at 202-225-3641 or Scott McKee of the Senate Energy and Natural Resource Committee staff at 202-224- 4971.

Sincerely,



Frank Pallone, Jr.
Ranking Member
House Committee on Energy
and Commerce



Maria Cantwell
Ranking Member
Senate Committee on Energy
and Natural Resources