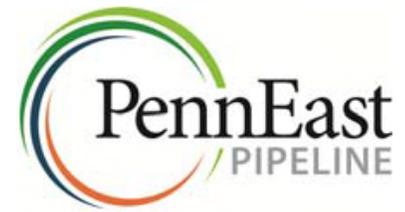


PennEast Pipeline Company, LLC
One Meridian Boulevard, Suite 2C01
Wyomissing, PA 19610



October 18, 2016

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

Re: PennEast Pipeline Company, LLC, Docket No. CP15-558-000
Response to October 12, 2016 Data Request by
Letter Order Pursuant to § 375.307

Dear Ms. Bose:

PennEast Pipeline Company, LLC (PennEast) hereby submits responses to the Data Request issued by the Federal Energy Regulatory Commission ("FERC" or "Commission") on October 12, 2016 in the above-referenced proceeding related to the PennEast Project (Project).

Pursuant to Section 385.2010 of the Commission's regulations, 18 C.F.R. § 385.2010 (2016), PennEast is contemporaneously serving copies of this filing to persons whose names appear on the Official Service List in this proceeding.

Should you have any questions regarding the foregoing, please contact me at (610) 406-4322.

Sincerely,

/s/ Anthony C. Cox
Anthony C. Cox
PennEast Pipeline Company, LLC,
By its Project Manager
UGI Energy Services, LLC

cc: Jerry Pederson (FERC)
All Parties of Record in Docket No. CP15-558-000

Data Request 1

In Exhibit P, Schedule 3, PennEast estimates its 1st year O&M Expenses for this project to total \$6,470,199. Provide a breakdown of these expenses by (1) FERC account number and (2) labor and non-labor costs.

Response 1

An updated Exhibit P, Schedule 4 provided herein as Attachment 1 breaks down the total first year O&M expenses of \$6,470,199 by FERC account number. This version of Exhibit P, Schedule 4 is updated from the version filed as part of the original certificate application to identify by footnote the total direct labor costs. Of the \$6,470,199 in first year O&M expenses, \$1,559,007 is classified as direct labor costs. The remaining O&M expenses are classified as non-labor costs or non-direct labor costs.

Data Request 2

PennEast proposes a Lost and Unaccounted for (L&U) percentage of 0.00 percent (September 24, 2015 Application, Page 31). In its Application, PennEast states that the Commission previously approved an initial L&U percentage of 0.00 percent. However, in the case of Eastern Shore, the Project had no compression, whereas PennEast's Project will require use of a compressor station.¹ Since PennEast states that the project will have compression, provide an explanation, and any supporting work papers, of how PennEast determined the L&U percentage. If PennEast considered any loss typically associated with a compressor station while deriving the L&U percentage, provide the information related to that as well.

Response 2

PennEast Pipeline Company, LLC (PennEast) is proposing an initial L&U percentage of 0.00% because prior to placing the proposed facilities in service PennEast has no basis for calculating L&U quantities. The data request suggests that the Federal Energy Regulatory Commission's (Commission's) approval of a 0.00% L&U percentage for Eastern Shore was appropriate given that Eastern Shore has no compression. However, the source of L&U quantities is unknown and L&U rates are commonly predicted based on historical L&U quantities. It is not known that there is any difference in L&U quantities because of compression facilities or any other specific component of a pipeline system. For example, L&U quantities could be caused by measurement discrepancies resulting from temperature and pressure deviations from assumed conditions, inaccuracies in heating value conversions, and meter inaccuracies. In addition, in approving Eastern Shore's proposed initial L&U rate of 0.00%, the Commission recognized that "Eastern Shore is required to adjust its LAUF percentage in its first annual Fuel Retention & LAUF filing that occurs after

¹ *Eastern Shore Natural Gas Company*, 145 FERC ¶ 62,153, at p. 5-6 (2013).

service commences.”² The same applies to PennEast. In light of the fact that PennEast will have maintained a deferred account and true up for under-recoveries and over-recoveries of fuel as well as L&U on an annual basis, PennEast and its shippers are indifferent to any potential under-recovering of L&U quantities by PennEast in the first year. Following the first year, PennEast will have an historical basis for determining L&U quantities.

With respect to whether PennEast considered any losses typically associated with a compressor station while deriving the L&U percentage, PennEast did not consider any such losses in determining its L&U percentage, nor did PennEast reflect compression-related losses in its system fuel derivation in Exhibit Z-2 of the Application. The 9,000 Dth/d of projected fuel reflected in Exhibit Z-2 was based on 7,800 Dth/d of projected fuel use at the compressor units, not including L&U quantities, as well as an additional 1,200 Dth/d of delivery point heater fuel estimates based on a 100% load factor. Unlike fuel usage, which will be metered, any losses associated with compression will not be metered and will be used in determining the L&U percentage on a year-to-year basis.

² *Id.* at p.64,309.

Data Request 3

In Part 4- Statement of Rates, Statement of Transportation Rates, PennEast states that the backhaul rate is equal to the forward haul rate. Moreover, in Part 4- Statement of Rates, Statement of Additional Charges and Surcharges, PennEast states that the fuel retainage percentage will not be applied to backhaul transportation. Explain how PennEast will handle backhaul movements. If the backhaul is by displacement, provide an explanation of how PennEast derived the backhaul rate.

Response 3

PennEast's system design is based on a north-to-south flow from the Marcellus Shale region in Eastern Pennsylvania to downstream markets in Pennsylvania, New Jersey, and surrounding states. PennEast's transportation rates are consistent with the design flow of its system. The backhaul rates are stated to clarify that on this postage stamp system the backhaul rates are identical to the forward haul rates, and to clarify that on this postage stamp system the recourse rate for that service is identical regardless of whether any particular point-to-point transportation service is viewed as forward haul or backhaul. Movements that qualify as a backhaul under PennEast's proposed *pro forma* FERC Gas Tariff (Tariff) are defined as "movement[s] of Gas from a Point of Receipt to a Point of Delivery such that the nominated and scheduled direction of movement under the applicable Service Agreement is at all times and at all points along the scheduled path in a direction opposite to the scheduled flow of Gas in Pipeline's system."³ Backhauls will be south-to-north movements and are expected to only occur by displacement.

³ Application of PennEast Pipeline Company, LLC for Certificates of Public Convenience and Necessity and Related Authorizations, Docket No. CP15-558-000, at Ex. P, Part 6.1 (Sept. 24, 2015).

Attachment 1

EXHIBIT P - Schedule 4
Operations and Maintenance Expenses

Transmission Expenses

Operation	Acct. No.			
Operation Supervision and Engineering	850.0	\$	100,000	(1)
System Control and Load Dispatching	851.0	\$	500,000	
Communication System Expenses	852.0			
Compressor Stations - Labor	853.0	\$	1,187,433	(1)
Compressor Stations - M&O	853.0	\$	365,800	
Compressor Stations - M&O - Variable	853.0	\$	665,671	
Gas for Compressor Station Fuel	854.0			
Other Fuel and Power for Compressor Stations	855.0			
Mains Expenses	856.0			
Measuring and Regulating Station Expenses	857.0	\$	150,000	
Transmission and Compression of Gas by Others	858.0			
Other Expenses	859.0	\$	165,000	
Rents	860.0			
Total Operation		\$	3,133,904	

Maintenance

Maintenance of Supervision and Engineering	861.0	\$	132,234	(1)
Maintenance of Structures and Improvements	862.0			
Maintenance of Mains	863.0	\$	662,000	
Maintenance of Compressor Station Equipment	864.0	\$	1,125,174	
Maintenance of Measuring and Regulating Station Equipment	865.0	\$	139,340	(1)
Maintenance of Communication Equipment	866.0			
Maintenance of Other Equipment	867.0	\$	70,000	
Total Maintenance		\$	2,128,749	

Administrative and General Expenses

Operation				
Administrative and General Salaries	920.0	\$	713,865	
Office Supplies & Expenses	921.0			
Administrative Expenses Transferred - Credit	922.0			
Outside Services Employed	923.0	\$	276,682	
Property Insurance	924.0	\$	217,000	
Injuries and Damages	925.0			
Employee Pensions and Benefits	926.0			
Franchise Requirements	927.0			
Regulatory Commission Expenses	928.0			
Duplicate Charges - Credit	929.0			
Miscellaneous General Expenses	930.2			
Rents	931.0			
Total Operation		\$	1,207,547	

Maintenance

Maintenance of General Plant	935.0			
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TOTAL \$ 6,470,199

(1) Direct Labor Costs = \$1,559,007.