**TRANSCO MAKES A CHANGE IN GAS FLOW FROM SOUTH to NORTH TO NORTH to SOUTH – AND IS ALL DUE TO FRACKING**

**By Wil Stanton & Angela Stanton**

So who or exactly what is "Transco"? Transco is a wholly owned subsidiary of the Williams Partners natural gas pipeline headquartered in Tulsa, OK. Transco owns and operates the natural gas pipeline that goes from Texas and the Gulf Coast areas to NY; and is a major carrier of natural gas through Virginia.

The Transco mainline was built to carry natural gas northward from the Gulf Coast, but because of a perceived business need to purchase and transport "less costly" Marcellus Shale gas, Williams is making the Transco mainline bi-directional and increasing its potential capacity (the Atlantic Sunrise project upgrade). In December 2015, the Transco gas pipeline is expected to reverse direction for the first time in more than 50 years and will begin to move fracked Marcellus Shale gas southward. If the other proposed interstate pipelines receive FERC approval, additional sources of fracked gas will connect to the Transco pipeline with one of those being EQT's proposed Mountain Valley Pipeline which plans to connect to Transco's compressor station 165 in Pittsylvania County.

Williams is also proposing the construction of a 21,800-horsepower gas turbine compressor station in Pittsylvania County. That project is primarily designed to fuel Dominion Virginia Power's new 1,300-megawatt electric power plant planned in Brunswick County, Va. According to Williams, "The project is designed to consist of approximately 100 miles of new 24-inch diameter pipeline extending from the Transco mainline in Pittsylvania County, Va., and into Halifax, Charlotte, Mecklenburg, and terminating in Brunswick County, Va." Transco supplied natural gas to the Brunswick County facility reportedly to replace the electricity generated by coal units at two eastern Virginia power stations. In addition, Transco's project will provide additional gas supply to Piedmont Natural Gas Company in North Carolina.

So, having bi-directional transport of natural gas by Transco will not necessarily result in increased access to natural gas for Virginians - because we already have access to that from Transco and other natural gas distributors, e.g., Tennessee Natural Gas pipeline and Columbia Gas Company. Today the Transco natural gas pipeline transports approximately one quarter of the natural gas consumed in Virginia and nearly all of the gas consumed in North Carolina.

**So where does the EQT proposed Mountain Valley Pipeline fit in with Transco?**

EQT said it is moving forward with its partner NextEra Energy, a Florida electric utility, to form a joint venture which is known to all of us as the Mountain Valley Pipeline. EQT's proposed Mountain-Valley Pipeline would serve as little more than a conduit for the natural gas produced from fracking in WV to the Williams' Transco mainline compressor station 165 in Pittsylvania County, Virginia. After Transco takes ownership of the Mountain Valley Pipeline gas it will decide where to ship it and what price to charge for it. Transco's mainline will essentially be where it has been for half a century and will continue to serve the same markets as have previously been served.

**Well, surely local companies or individuals will be able to tap into the Mountain Valley pipeline. Right?**

We haven't heard anything about this from EQT, but Dominion has spoken about this for their proposed Atlantic Coast pipeline (ACP), a 42" high pressure pipeline the same as the proposed Mountain Valley pipeline (see the last reference).

"This is a natural gas transmission pipeline that operates at high pressure. A distribution company such as Virginia Natural Gas takes the gas, reduces the pressure and sends it out on its distribution system to residential or commercial customers. That's the reason that you just can't hook up to the (transmission) line."

"In regards to the taps, since the ACP is a large-scale, high-volume pipeline, it is not suited to small interconnections for direct residential or commercial customers."

"However, it may be appropriate for interconnections from local distribution companies and larger industrial loads."

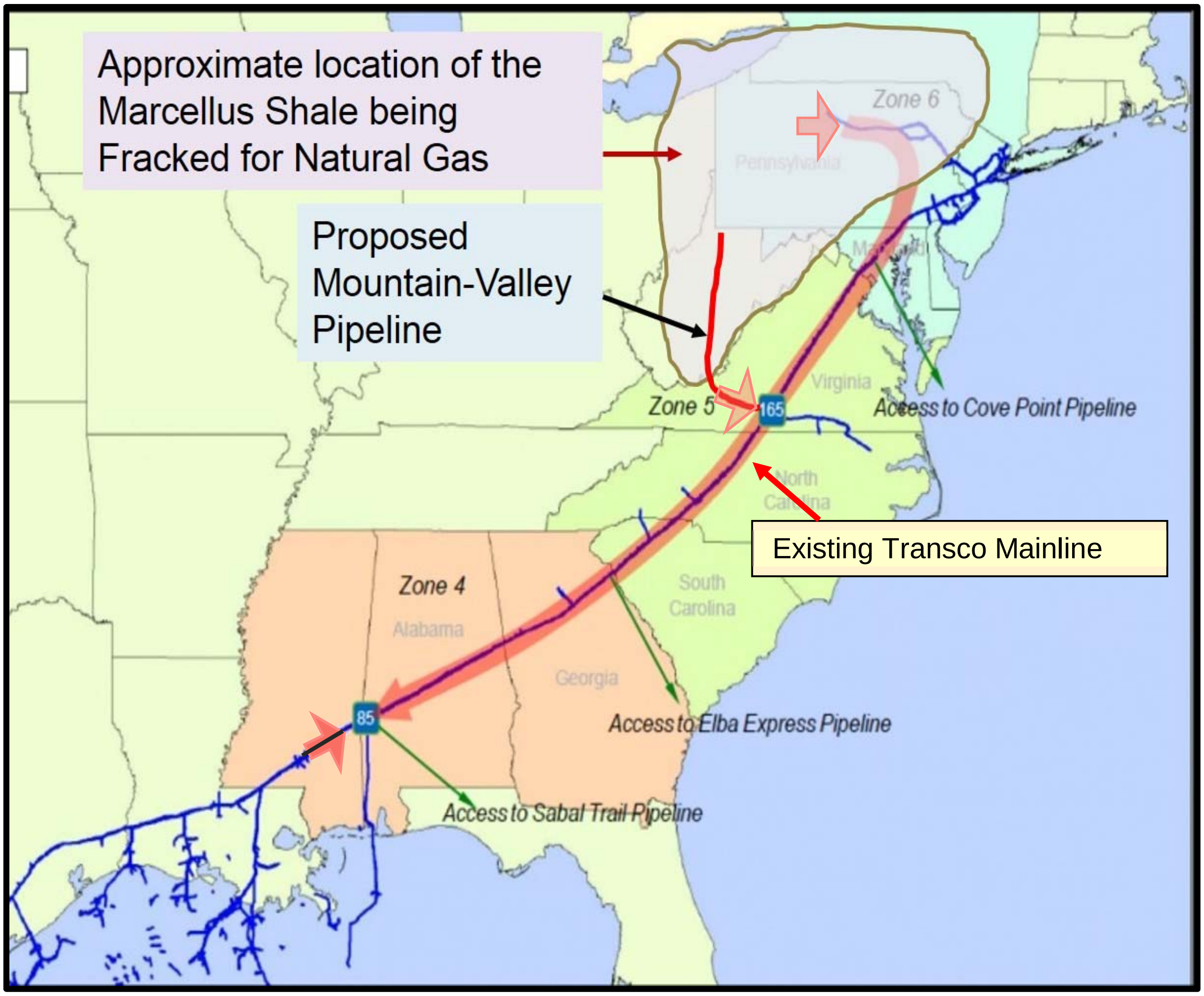
"Where the ACP crosses territory already served by a local natural gas distribution company, potential customers should first work directly with their local distributor before approaching the Atlantic Coast Pipeline."

"Local distribution companies that have secured transportation from Atlantic Coast may have increased their capability to handle new customer load."

--Frank Mack, Manager of Dominion Transmission Communications

The Mountain Valley Pipeline will connect directly to the Transco Compressor Station 165 in Pittsylvania County. Transco will distribute the natural gas beyond that point.

**Marcellus shale gas production growth changes U.S. natural gas transportation patterns**




So, what's in it for Virginia and those of us living along the route of the propose EQT pipeline? In our opinion - Absolutely Nothing. This is simply a business venture for EQT, a "for profit" company with corporate headquarters in Pennsylvania. EQT's proposed Mountain-Valley Pipeline is not focused on Virginians, but on Transco, a purchaser of natural gas from many natural gas producers. This is about a way for EQT to get their fracked natural gas to Transco – and to do that they will need a conduit, a BIG 42" conduit (aka, 42" natural gas pipeline), to go from their well in WV to the Transco compressor station 165 in Pittsylvania County.

In our opinion, EQT's goal is one of profit maximization and Transco's goal is one of cost minimization as well as finding less-costly sources of natural gas for their TX to NY distribution network. But "less-costly" means "less costly" to Transco because of the lower price Transco will have to pay EQT for the natural gas compared to other producers in Texas or along the Gulf Coast. But what Transco pays for natural gas cannot be assumed to mean the total cost, as it does not include the costs which we believe should be included, including but not limited to the costs associated with loss in land value; loss is tax assessed value; lessened ability to develop private land; diminished ability for economic development due to land use restrictions; potential costs associated with pipeline and compressor fires and explosions; costs associated with water mitigation if public or private water or wells become contaminated due to construction or leaks along the pipeline; costs to individuals due to lessened potential to sell their homes and property; or the costs to future generations of Virginians and West Virginians. When those costs are included, the fracking for natural gas and the proposed Mountain Valley Pipeline will be a far more costly proposition than simply the cost Transco will pay EQT for gas. And, less-costly to Transco does not mean any of their customers will pay less for natural gas as Transco will necessarily need to repay their costs for the Atlantic Sunrise project and other expansions. Just as EQT, Transco is a "for profit" corporation. Less expensive product simply means the potential for a greater profit margin for Transco and their parent, Williams.

How can anyone in state or local government relinquish their fiduciary duty to citizens of the Commonwealth of Virginia to permit eminent domain be granted to a "for profit" natural gas pipeline corporate venture; a venture which will essentially use public and private land in Giles, Montgomery, Pulaski, and Floyd counties for a conduit for their profits; and a venture which has no direct benefits to citizens of Virginia? Even Williams has said that job creation will be only temporary.

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