

**Testimony by Greg Brazaitis
Vice President Government & State Affairs,
Energy Transfer Partners, L.P.
before the House Republican Policy Committee
June 7, 2010**

Good morning, Chairman Saylor, Representative Major and members of the committee. My name is Greg Brazaitis, and I am the Vice President of Government and State Affairs for Energy Transfer Partners (ETP). In Pennsylvania, ETP will be operating under its subsidiary ETC Northeast Pipeline, LLC. I appreciate the opportunity to discuss gathering and pipelines with you, and I hope that the experience that my company has gained in operating in the various shale plays around the country will be helpful as you seek to understand the movement of the Marcellus gas here in Pennsylvania.

Energy Transfer Partners, L.P. (NYSE:ETP) is a publicly traded partnership owning and operating a diversified portfolio of energy assets. ETP has pipeline operations in Arizona, Colorado, Louisiana, New Mexico, and Utah and owns the largest intrastate pipeline system in Texas. We currently have natural gas operations that include more than 17,500 miles of gathering and transportation pipelines, treating and processing assets and three storage facilities located in Texas. ETP also is one of the three largest retail marketers of propane in the United States, serving more than one million customers across the country.

Energy Transfer Partners was an early player in the first shale play to be developed in the United States – the Barnett Shale located in north central Texas. We responded to the unexpectedly large quantities of gas developed from the Barnett Shale by being a first mover in building several new intrastate pipeline systems ranging in diameter from thirty inches to forty-two inches. These diameters are very large scale pipelines for onshore production. Three of these new pipelines are close to two hundred miles in length each.

In addition to these intrastate pipelines, ETP built gas gathering systems to collect the shale gas from the wellhead and to move it to market. Of the total of 16 billion cubic feet per day (Bcf/d) of natural gas produced in Texas, ETP gathering and pipeline systems handle for some portion of the gas molecule's journey to market approximately 50% of the state's production.

In addition to these Barnett Shale intrastate pipelines, ETP has built the 500 mile, 1.4 Bcf/d interstate joint venture Midcontinent Express Pipeline to move Barnett, Woodford and Haynesville shale gas. Additionally, ETP currently has two major shale interstate pipelines in construction. The Fayetteville Express Pipeline will move 2 Bcf/d of Fayetteville Shale gas in a 185 mile, forty-two inch, \$1.25 billion system. The Tiger Pipeline will move 2.4 Bcf/d of Haynesville Shale gas in a 175 mile, forty-two inch, \$1.5 billion system.

Additionally, ETP continues to construct substantial gas gathering systems in all the shale locations where it has major pipeline assets.

In Pennsylvania, ETC Northeast Pipeline (ETC) has established a regional office in Pittsburgh. Our present focus is on building natural gas gathering pipelines in Washington

and Greene Counties. ETC is currently constructing gathering pipelines just south of these counties in West Virginia, and there is an excellent likelihood that these lines will shortly be joined by a Pennsylvania development.

Additionally, ETC has recently partnered with Heckmann Corporation which is a water treating and services company and one of the largest handlers of produced water in North America. ETP will offer to natural gas producers in Pennsylvania fresh and treated return frac water for their hydrofrac operations. The same centralized water systems that ETC will use for gas producer services can also be used to treat acid mine waters for use in hydrofrac as well as mining operations.

One of Energy Transfer Partner's biggest priorities in all the states in which we operate is safety. We construct all of our gathering and pipeline systems to the U.S. Department of Transportation's DOT 49 CFR 192 (DOT 192) regulations. DOT 192 is a federal safety requirement standard for pipeline facilities and the transportation of gas, including pipeline facilities and the transportation of gas within the limits of the outer continental shelf. DOT 192 has detailed regulations of the following pipeline components: materials, pipe design, design of pipeline components, joining of materials other than by welding, general construction requirements for transmission lines and mains, customer meters, service regulators and service lines, requirements for corrosion control, test requirements, maintenance, qualification for pipeline personnel and pipeline integrity management.

ETP elects to use this well-established standard for its gathering systems and pipelines even if not required because we believe that safety is enhanced by having standards that are readily accessible and well-known by our employees and customers. In Pennsylvania, pipelines must meet DOT 192, but gathering lines are currently unregulated. ETC will build all of its Pennsylvania gathering systems and pipelines to the DOT 192 standard.

As ETC Northeast Pipeline plans to make a major investment in Pennsylvania, we hope that the General Assembly and regulatory entities will encourage industry growth by avoiding laws and regulations that make it commercially tough to do business and- to the maximum extent possible- allowing free market conditions to be the rule in regulating the industry. We ask that the state remain vigilant from a safety perspective and support state oversight of safety. However, we do not seek utility status nor would we be supportive of utility requirements for gathering or pipelines.

ETC Northeast Pipeline is committed to doing business in Pennsylvania the right way. As we begin breaking ground in the Commonwealth, we desire to maintain an open dialog with you and your colleagues to ensure that the interests of not only our industry but of Pennsylvania consumers are protected. Again, thank you for the opportunity to testify, and I will be happy to answer any questions that you might have both now and in the future.